DETERMINANTS AND PROCESS OF STRATEGIC CHANGE AT FAMILY HEALTH OPTION KENYA

By

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DECLARATION

This management research project is my original work and has not been presented to this or any other University for an academic award.
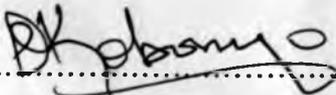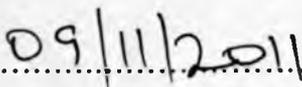
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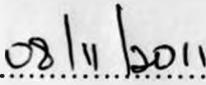
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This management research project has been submitted for examination with my approval as the University supervisor.

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DEDICATION

This work is dedicated to my lovely husband, Dr. Gatama for his support during the entire period and to my two sons Ryan and Bryan for their patience and understanding while I was not available when they needed me most.

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ACKNOWLEDGEMENTS

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ABBREVIATIONS

FHOK - Family Health Options Kenya

IPPF - International Planned Parenthood Federation

UNFPA - United Nations Population Fund Agency

USAID - United States Aid for International Development

IEC - Information, Education and Communication

MCH/FP – Maternal, Child health/Family Planning

FPAK - Family Planning Association of Kenya

PESTEL - Political, Economic, Social, Technological, Ecological & Legal

ABSTRACT

In the business environment, there are many factors that drive and escalate the pace of change within the organization. Staniforth (1996) asserts that the pressures on organizations to change are many and the levers are numerous due to the environment that organizations operate in. Pearce and Robinson (2000) identify political, economic, social, technological, and ecological factors (PESTEL) as comprising the macro environment. This macro environment presents organizations with opportunities, threats and constraints. Change process can be viewed as a one off event, an exception to the normal running of an organization and therefore something to be dealt on an issue by issue basis as it arises. On the other hand some organizations see change not as an exception but as a norm, continuous process that forms part of the organizations day to day activities.

Family health Options Kenya (FHOK) started experiencing problems in its operations, since the onset of the 21st century. Major donors started pulling out one after another. Organization books were characterized with long outstanding debts. Major suppliers started pulling out and the existing ones were not willing to supply. Huge staff turnover was experienced and the remaining staff went for months without salaries. As a result of the poor performance exhibited above, there were several factors that compelled the top management of FHOK to make strategic changes so that the organization could remain competitive and save its face. The study embarked on a research of finding out what were these factors. The process of change is also another critical element in change management. What process did FHOK employ in managing its change program and was is it successful.

The two objectives for this study were to determine the factors that necessitated the strategic changes that occurred at FHOK and the process through which change management was employed. A case study research design was used in this study whereby interactive personal interviews were carried out with four respondents who spearheaded most of the strategic change. An interview guide with open ended questions was employed to gather primary data. Secondary data was collected from the organization board minutes and Strategic plan.

The study found that both internal and external factors created the necessity for change at FHOK. These included political interferences, technological upgrades, economic

effects, differing customer demands, the need for FHOK to salvage its image with its stakeholders, the need to bring the organization back to sustainability, restructuring requirements and the need to invest viably so as to generate higher income. It was further found that both the continuous and one-off process was employed in the change process management. Communication was used as a tool in whole change process. Employees were well empowered with information way before the change took place and thus they had time to digest and evaluate the change program before implementation and thus minimal or no resistance was experienced.

The researcher experienced a number of limitations in the study. The researcher was unable to access all the information contained in the board minutes since they were availed only for a few hours due to their confidentiality. The other limitation was the delay in collection of data since the respondent demanded to be given more time to digest and evaluate the information being collected by the interview guide.

This study on the determinants and process of change at FHOK could provide the basis for carrying out future research in measuring the capacity for change and relating the effects of change to performance of FHOK. Another suggestion for further research would be to access the organization responsiveness to changes in the environment.

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Pearce and Robinson (1991) have defined strategic management as the set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives. They have further contended that strategic management involves planning, directing, organizing and controlling of a company's strategy-related decisions and actions. Strategic management encompasses an integrated, future oriented managerial perspective that is outwardly focused, forward thinking, and performance based (Scribner, 2000).It is the mechanism through which an organization can understand and constructively manage strategic changes and the process for re-inventing or renewing the organization (Amenya, 2008).

The magnitude, speed, unpredictability and impact of change are greater than ever before. Certainly, new products and processes are appearing at an ever-increasing rate. Local markets are becoming global markets. Protected or semi protected markets and industries are being opened up to fierce competition. Public bureaucracies and monopolies are being transferred to the private sector (Burnes, 1996).

1.1.1 Determinants of change

Determinants of change can both be external or internal. External determinants are those that are environment dependent while the internal determinant originates from the organization itself. Organization responds to environmental changes by bringing about change in the organization so

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that they can remain competitive. These changes can both be reactive or proactive changes. Reactive changes are those that respond to changes that have already occurred in the environment, while proactive changes happens before any change in the environment and prepares the organization for any eventuality. The forces that operate to bring change are many and varied. Some forces are gentle while others are strong and can cause devastation to structures and operations in an organization.

Heller (2009) asserts that to deal effectively with increasing rates of change , you need to understand the underlying causes .Specific changes in an organization's internal structure and external markets often derive from wider changes in society, economics or technology. If organizations operated in a vacuum, the levers of change would be minimal, asserts Staniforth(1996). The pressures on organizations to change are many and the levers are numerous in the environment that organizations operate in. Pearce and Robinson (2000) identify political, economic, social, technological, and ecological factors (PESTEL) as comprising the macro environment. This macro environment presents organizations with opportunities, threats and constraints. Ansoff and McDonell (1990), state that the environment in which the organizations operate in can either be relatively stable or turbulent. Either formally or informally, organizations thus develop strategies that often dictate in an organizations status quo (Mbogo, 2003).

1.1.2 The Process of strategic change

Strategic change management is the process by which an organization gets to its future state or its vision. Worley (1996) identified that while traditional planning processes describe the steps on the journey, strategic change management actually attempts to facilitate that journey.

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Strategic changes are deliberate actions undertaken today to shape and prepare organizations for addressing the challenges and demands facing the organization now and in the future. Strategic change can also enable the organization to take advantage of important opportunities and to cope with consequential environmental threats.

Rowe et al (1994) identified two approaches that have been used for strategic change. The first is working with people in the organization to achieve mutual understanding. This is largely an informal approach. The second is making formal changes in the organizational structure, culture, or relationship. Effective implementation of change generally requires that both approaches be used in order for the change to be appropriate and accepted by participants.

Spafford and Swanson (2007) stated that one of the goals of strategic change management is to limit the risks associated with the introduction of new elements or processes. The other goal is to ensure rapid recovery from change–related problems when they arise. Strategic change management also seeks to understand the sentiments of the target population and work with them to promote efficient delivery of the change, and enthusiastic support for its results. It is concerned with winning the hearts and minds of the participants and the target population to bring about changed behavior and culture.

1.1.3 Family Health Options Kenya

Family Health Options Kenya (FHOK) is the pioneer of the family planning movement in Kenya. In the 1950's, a group of far-sighted individuals recognized the problems posed by large families in Kenya, especially the threat to family health and stability. They formed family planning Associations in many parts of Kenya to popularize the concept of Planned Parenthood. These associations were later merged to form the Family Planning Association of Kenya

(FPAK). FHOK was legally registered in Kenya and affiliated to the International Planned Parenthood Federation (IPPF), in 1962. IPPF is the World's Leading Non-Governmental provider of Sexual and Reproductive Health services. FHOK gets its funding from the donors to run its operations. Its major donors include International donors like European Union, United States Aid for International Development (USAID), United Nations Population Fund Agency (UNFPA) and IPPF (www.fhok.org).

The work of FHOK has continued to expand and grow. In the early 1960s, the primary focus was advocacy for Planned Parenthood. In the mid-1960s, the Organization initiated the first model family planning clinic in the country, which later was replicated by the Ministry of Health and developed into Maternal, Child health/Family planning (MCH/FP) Division. In the 1970s, the work of FHOK was mainly the creation of awareness through various Information, Education and Communication (IEC) strategies. In 1980s the focus changed to expansion of services through the now successful model family planning clinics. In the 1990s was the decade of integration of services. As a result of all these expansion, the association opened fifteen clinics in several major towns in the country which were offering Family Planning services as well as other sexual reproductive health integrated services. The Association also included HIV/AIDS and youth components in its target population where they are provided with Sexual and Reproductive Health and Information. The organization was able to generate local income from these clinics which complimented the donor funding. However, the income was minimal since FHOK mandate is to serve the marginalized in the society (www.fhok.org)

At the beginning of the 21st Century, FHOK started experiencing changes. Major donors started pulling out one after another. Organization books were characterized with long outstanding debts. Major suppliers started pulling out and the existing ones were not willing to supply. Since

the association moved away from vertical family planning to an integrated gender sensitive sexual and reproductive health programme, there was for a long time gap between the name of the Association and its programme. To bridge this gap, the Association decided to change its name from Family Planning Association of Kenya (FPAK) to Family Health Options Kenya (FHOK) to reflect the kind of services they were offering. Organization banks accounts were being frozen by various statutory bodies due to delayed and non-payment of statutory deductions (www.fhok.org).

As a result of the above challenges, FHOK underwent other various strategic changes in its operations. In year 2003, it had to close six of its clinics, leaving a balance of nine clinics .There was also the dismissal of the senior management team and the board of directors which consisted of fourteen members. The board was replaced with interim Governing council which consisted of seven members (www.fhok.org).

1.2   Research Problem

Change in organizations is really the norm of today. Organizations are influenced by a multitude of factors, which are influenced by both the internal and external environment. Change in organizations does not happen in a vacuum. If nothing happened to disturb organizational life change would be very slow and perhaps, merely accidental. However, commentators on organization life have evidenced that the pace of change is accelerating and all organizations, if they are to benefit from continued survival, must be prepared not only to respond to, but to anticipate, change (Senior, 2006).

Change process can be viewed as a one off event, an exception to the normal running of an organization and therefore something to be dealt on an issue by issue basis as it arises. On the

other hand some organizations see change not as an exception but as a norm, continuous process that forms part of the organizations day to day activities. Where change is seen as an exception, organizations tend to have difficulty in choosing the most appropriate approach and therefore also tend to be no structured or even informal, procedure for capturing the lessons from one change project and making them available for future projects. Each change is seen as a unique event, and seems to involve an element of reinventing the wheel as the organization struggles to determine how best to deal with it. However an organization where change is seen as a continuous process, organization appears to be able not only to treat each project as a learning opportunity, but to capture this learning and pass it on (Burnes, 2004).

Since the onset of the 21st century, Family Health Options Kenya started experiencing problems. The organization going concern was questioned by many audit reports. FHOK was characterized by a closure of six clinics in some of the major towns, as the employees in these clinics were laid off. The salaries of the remaining employees were delayed for months before payment. The organization books displayed Kshs 70 million in outstanding debt. Major donors to the organization started pulling out; at the same time a huge staff turnover was being experienced. The organization major suppliers were pulling out due to non-payment, and the existing suppliers were not willing to supply further. FHOK was being subjected to many forensic audits year after year.

Following the poor performance outlined above, there was extreme pressure for the organization to change, in order to remain competitive and save its face. It underwent various strategic changes in its operations. In year 2003, it had to close six of its clinics, leaving a balance of nine clinics .There was also the dismissal of the senior management team and the board of directors which consisted of fourteen members. The board was replaced with interim Governing council

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which consisted of seven members. These changes were compelled by both the organization top management and stakeholders.

A number of studies have been carried out in Kenya by various scholars on the subject of change management. They include Amenya (2008and Mbogo (2003). All these studies provided valuable insights into the challenges and responses of various Kenyan organizations to change management. Mbogo's carried out a study on strategic change management process in commercial banks of Kenya. He found out that the commercial banks operate in an extremely competitive environment and that they are adopting dynamic strategic change management practices which is a signal that many bank believe they need to perform better than they currently are Amenya studied management of strategic change at Rift Valley Railways (Kenya) Limited (RVR (K)). She concluded that management of strategic change at RVR (K) was not successful and the implementation process was poor. This was due to lack of proper planning of the change process, and also respondents were not formally trained in managing and dealing with strategic change. Issues of strategic change management gained from these studies may not be assumed to explain the determinants and process of strategic change management at FHOK which is a Non-Governmental organization and the change management practices adopted are likely to differ extremely from those adopted by the organizations covered by the previous studies. To the best of the researcher's knowledge, no studies have been carried out on the determinants and process of strategic change at FHOK, and thus there exists a research gap which this case study seeks to fill. Further FHOK presents a unique experience in change and change management which is not replicated in many organizations of its kind since it is a donor funded organization.

The emerging research question from the problem statement is: what were the determinants and process of strategic change at FHOK and how were they managed?

1.3   Research Objectives

The following were the objectives of this study.

(i.)   To determine the factors that necessitated changes at Family Health Options Kenya.

(ii.)   To determine the change management process at Family Health Options Kenya.

1.4   Value of the study

The findings of this study will be useful to the management at FHOK plus their stakeholders as they will have an opportunity to gauge the direction and benefits of their change management efforts. The study will also be used as a reference point for future comparisons of change management strategies as well as the resultant performance trends.

The study will also contribute as a primary source of information to practitioners who may apply lessons learnt from this study in planning and executing strategic changes in other organizations. Academicians and researchers will also find the information from this study useful for purposes of carrying out further research. The study will also contribute to the existing body of knowledge in strategic change management.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Many theories have been proposed to explain foundations of strategic change. This literature review captures a wide variety of such theories. It also expounds further on the concept of strategic change, the different types of changes that the organization undergo through. It also includes the factors that influence the strategic change process and how they can be managed. Resistance to change which is experienced during the change process is also captured and how organizations overcome that resistance.

2.2 Strategic Change

Organizational change has been categorized in a number of different ways, as either strategic or non-strategic change (Pettigrew, 1987).Strategic change involves collective organizational action and enables an organization to move away from its present state towards a desired future state to increase competitive advantage (Hills & Jones, 2001).At the corporate or macro level, frequent organizational change focus on strategy and business models (IBM, 2006), structure, processes, culture, technology, products and services (Lewis, 1994), often involving multiple leaders or reporting lines, incorporation of technologies, acquisitions or expansion or downsizing.

Change affects every aspects of life. Taking a proactive approach to change is the only way to take charge of the future, either as an individual or as an organization. For organizations, change is the way to stay competitive and to grow. For individuals, the opportunities created by change enrich careers and personal lives. One can deal with change in three ways: by resisting,

following, or leading. A resister tries to stay put, which is impossible in changing situations, the majority of people and organizations who start by resisting eventually find they have to follow, trying to catch up. If that fails, they face competitive disadvantage. Seeking to anticipate and lead change is thus paradoxically safer as well as more adventurous (Heller, 2009).

Strategic change involves improving the alignment among organization's environment, strategy, and organization design. Strategic change interventions include effort to improve both the organization's relationships to its environment and the fit between its technical, political, and cultural systems. The need for strategic change is usually triggered by some major disruption to the organization, such as the lifting of regulatory requirements, a technological breakthrough, or a new chief executive officer coming in from outside the organization (Cummings & Worley, 2009).

Strategic change is proactive, structural approach to address the people and organizational risks inherent in any change effort that will optimize the realization of business benefits and sustain long term performance .Strategic changes are deliberate actions undertaken today to shape and prepare organizations for addressing the challenges and demands facing the organization now and in the future(Worley, 1996).A strategic change also enables the organization to take advantage of important opportunities and to cope with consequential environmental threats. Worley (1996) refers to this as integrated strategic change which is deliberate coordinated process leading radically or gradually to systemic realignments between the environment and the strategic orientation of the firm.

Change and responses to change are ongoing process. Organizational change enables an organization to move from its current position and state towards some future position as a way of

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increasing its overall effectiveness (Hills &Jones, 2001).Change is inevitable and the manner in which organizations responds to and manage change makes the difference between survival and death. Seeing the need for change and having already resources for implementing is one thing, but the process of actually implementing change is another. Organizations must therefore make the necessary efforts to adopt sound change management practices in order to achieve competitive advantage in their rapidly changing business environments (Hills &Jones, 2001).

According to Spafford and Swanson (2007), change can be particularly difficult to achieve in organizations which have long established and largely settled patterns of operation. The implementation of organizational change involves often structural as well as cultural changes in a company. Rose and Lawton (1999) inferred that change has become an enduring feature of organizational life. They continue to say that few people in public or private sectors can claim to have been untouched by either the pace or direction of organizational change in recent years. Managers in both sectors are increasingly finding it difficult to make sense of business environments in which they operate. One of the reasons is the speed of change (Johnson & Scholes, 2002).

Niania (2000) argued that organizations exist and depend on the environment for inputs and outputs and will therefore consume resources, transform them through various processes and then release the outputs to the environment. The environment is therefore an important factor when considering the success and survival of organizations. Tushman et al (1986) observed that organizational life consists of periods of incremental change or convergence punctuated by discontinuous changes. During incremental change, organizations either fine tune and/ or carryout incremental adjustments to environmental shifts to perform more effectively and optimize their consistencies between strategy, structure, people and processes. However, when

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there are discontinuous changes in the environment, then frame-breaking changes take place and they involve major changes in strategy, structures, processes and people behavior.

2.3 Theoretical Foundations of Strategic change management

The roots of change management can be found in the science of psychology. Many of the techniques helping people to deal with traumatic emotional issues have been applied to help stakeholders deal with dramatic change in how they earn their livelihoods. Thus many theorists and practitioners alike propose the utilization of change management techniques to successfully deal with the change process (Amenya, 2008).

They are three schools of thought form the planks on which change management theory stands. These are the individual perspective school, the group dynamics school, and the open systems school (Burnes, 2000).The three schools complement each other in their approach to managing strategic change management, differing only in the circumstances in which each applies. The individual perspective school's supporters are divided into two: the behaviorists and the Gestalt-Field psychologists.

The behaviorists view behavior as resulting from an individual's interaction with the environment. In this theory, all behavior is learned; the individual is the passive recipient of external and objective data. Human actions are conditioned by their expected consequences. Rewarded behavior tends to be repeated and ignored behavior tends not to be. To change behavior, conditions causing the behavior need to be changed (Skinner, 1974).The behaviorists seek to achieve organizational change only by modifying the external stimuli acting upon the individual. The Gestalt-Field theorists argue that an individual's behavior is the product of environmental and reason. Learning is a process of gaining or changing insights, outlooks,

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expectations or thought patterns. An individual's behavior is explained in terms of a person's actions, the responses these elicit, and the interpretation the individual places on these. Individual members are helped to change their understanding of themselves and the situation in question, which will lead to changes in behavior (Smith et al, 1982).

The group dynamics school's emphasis is on bringing about organizational change through teams or work groups, rather than individuals (Bernstein, 1968). It suggests that group behavior is an intricate set of symbolic interactions and forces that not only affect group structures, but also modify individual behavior. In order to bring about change, it is useless to concentrate on changing behavior of individuals. Lewin (1947) argue that an individual's behavior at any given time is interplay between the intensity and valence of the forces impinging on the person. To bring about change we should concentrate on influencing and changing the group norms, roles and values instead of concentrating on changing the behavior of individuals who are constrained by group pressure to conform and on the performance. Thus the group dynamics school of thought is seen to be very influential in developing both the theory and practice of change management, and this fact is evident in the way organizations view themselves as comprising of groups and teams and not just a collection of individuals.

The open systems school's primary point of reference is the entire organization where organizations are seen as composition of four interconnected subsystems (Burnes, 2000).The school is concerned with understanding organizations in their entirety. Any change to one part of the system will have an impact on the other parts of the system. Hence, the functions of a business need to be structured in such a manner that the overall business objectives are collectively pursued in order to achieve synergy (Mullins, 1999).

The objective of the open systems approach is to structure the functions of a business in such a manner that through clearly defined lines of coordination and interdependence, the overall business objectives are collectively pursued (Burnes, 2004).There are four major sub-systems in organizations, as suggested by miller (1993).They consist of the goals and values subsystem which defines the purpose of existence of the organization through a strategic plan, policies and regulations. The technical subsystems are concerned with conversion of inputs to output while the psychosocial subsystem is the generally accepted way of doing things in the organization i.e. the organizational culture. The managerial subsystem has a co-ordination role whereby it coordinates all other sub-system in the organization to ensure that they work optimally.

2.4 Types of change

Just as change parades across many subjects' domains, there are significant differences in how change is perceived. It may be perceived as incremental, punctuated or continuous. Can it be driven from the top down or is it an emergent process? (Burnes, 2004; Staniforth, 1996).Academicians and practitioners have proposed a significant number of approaches to change management. Nevertheless, Strickland (1998) has postulated that most writers tend to fall into broad camps: those who support planned approach to change, and those who espouse the emergent approach.

Organizations typically respond to the challenges of new technologies, new competitors, new markets and demands for greater performance with various programs, each designed to overcome obstacles and enhance business performance (Luecke, 2003).These programs fall into one of the following four categories.

In the structural change program, the organization is treated as a set of functional parts and is sometimes referred to as the "machine" model. During structural change, top management, aided by consultants, attempt to reconfigure these parts to achieve greater overall performance. Mergers, acquisitions, consolidations and divestiture of operating units are all examples of attempts at structural change. Cost cutting is another program whose focus is on the elimination of nonessential activities or on the other methods for squeezing costs out of operations. Activities and operations that get little scrutiny during profitable years draw the attention of cost cutters when times are tough. Process change programs are programs whose focus is altering how things get done. Examples include re-engineering a loan approval process, the organizations approach to handling customers warranty claims, or how decisions are made. Process change typically aims to make process faster, more effective, more reliable and less costly. Finally, cultural change programs focus on the human side of the organization such as a general approach to doing business or the relationship between its management and employees. An example of cultural change is a shift from command and control management to participative management. The same applies to any effort to re-orient an organization from an inwardly focused product push mentality to an outward –looking customer focus (Amenya, 2008).

2.4.1 Planned and Emergent change

Planned approach to change management is an interactive, cyclical process involving diagnosis, action and evaluation and further action (Burnes, 1996; Coram &Burnes, 2001).According to Burnes (2004), the planned approach to change was popular in the 1980s as a process of moving an organization from one fixed state to another through several pre-planned steps. At the core of planned change, stress is placed on the collaborative nature of the change efforts. I.e. managers and consultants jointly diagnose problems and thereafter plan and design the implementation of

specific change. Criticisms on planned approach to change are; First, planned approach was developed specifically for, and in response to top down autocratic, rigid, rule based organizations operating in a somewhat predictable and controlled environment; Second it emphasizes on incremental and isolated change is based on the assumption that common agreement can be reached and that all parties involved in a particular change project have a willingness and interests in doing so, and fourthly it assumes that one type of change is suitable for all organizations, all situations and all times (Burnes, 1996;Coram & Burnes, 2001).

The emergent approach views change as a continuous open ended and unpredictable process of aligning and re-aligning an organization to its changing environment. The rationale for emergent change stems from the belief that change should not be and cannot be solidified or seen as a series of linear events within a given period of time (Burnes,1996).The emergent approach puts emphasizes on a bottom –up approach to change. This is because organizational change is so rapid and complex that it is impossible for a small number of senior managers to efficiently identify, plan and implement necessary organizational responses (Burnes, 2004). It views change as continuous process. Though not explicitly stated, the case for an emergent approach to change is based on the assumption that all organizations operate in turbulent, dynamic and unpredictable environment (Coram & Burnes 2001).As proponents of emergent approach to change management, Higgs and Rowland (2005(a)) have summed up the case of emergent approach as one that see change as a complex process. This has been the rise of complexity theories which are concerned with the emergence of order in dynamic nonlinear systems. In other words systems which are constantly changing and where the law of cause and effect appear not to apply (Burnes, 2004).The assumptions that all organizations operate in turbulent, dynamic and unpredictable environment and the emphasis on the political and cultural aspects of change have

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been identified as the two main criticisms of emergent approach to change (Coram & Burnes, 2001).

2.4.2 Interrupted and Continuous Change

Interrupted change, according to Weick and Quinn (1999) is infrequent, discontinuous and intentional. Sometimes termed as radical or second-order change, interrupted change often involves replacement of one strategy or programme with another. Continuous change, in contrast is ongoing, evolving and cumulative (Weick & Quinn, 1999). It is also referred to as first order or incremental change and is characterized by people constantly adapting and editing ideas they acquire from different sources. At a collective level, these continuous adjustments made simultaneously across units can create substantial change.

The distinction between interrupted and continuous change helps clarify thinking about the future development of an organization and evolution in relation to its long term goals. Few organizations are in position to decide unilaterally that they will adopt an exclusively continuous change approach. They can , however capitalize upon many of the principles of continuous change by engendering the flexibility to accommodate and experiment with everyday contingencies, breakdowns, exceptions, opportunities and unintended consequences that punctuate organizational life (Orlikowski,1996).

2.4.3 Incremental and Transformational Change

Most researchers differentiate between two main change strategies, namely, incremental and transformational change. Stark (1999) described incremental change as change that does not challenge existing assumptions and culture, but instead uses existing structures and processes. It

is therefore a slow process that it is low in risk. Transformational change, however, is one that aims to change existing structures, the existing organization and the existing culture. Moreover, a difference is made if the change comes from inside the organization (proactive) or if the change is forced from outside the organization (reactive) (Kinuu, 2007).

2.5 Factors influencing strategic change process

The ability to manage organizational change as a prerequisite for meeting competitive demands has been stressed by various authors (Conner 1995, Hardy & Schwartz 1996,LaMarsh 1995,Leonard-Barton 1995,Munro-Faure & Munro-Faure 1996,Tushman & O'Reilly 1997).Numerous studies have explored success factors of organizational change. For example, Kotter (1995) analyzed the efforts of more than 100 companies that have been attempted to make fundamental organizational changes in order to achieve competitive advantage. Beer et al (1990) conducted a comprehensive study of six large companies where top management was attempting to revitalize the corporation. Miller (1993) grouped various companies according to their success in corporate design to meet competitive demands. These studies have identified several factors that influence the success or failure of organizational change efforts.

2.5.1Organizational Culture

Rowe et al (1994) define organizational culture as the total sum of shared values, attitudes, beliefs, norms, rituals, expectations and assumptions of people in the organizational. Thompson and Strickland (1993), argue that there must be a fit between strategy, structure, systems, staff, skills, shared values, style, for strategy implementation to be successful (Mckinsey 7's

framework). Organizational culture is beneficial for the introduction of any new change programme. The overall culture of a company heavily depends on what predominant culture exists within the many different cultures of that company (Lewin1958).

The culture of an organization is very important when it comes to change management. The culture should promote the change which is being implemented .If an organization embraces a culture of sharing information, this is very important because everyone will know what is expected of him or her in change management since information is shared adequately and freely. A non-supportive organizational culture may affect the way people are working, which could cause conflicts and negatively influence the success of implementation (Heller, 2009).

Johnson and Scholes (2002) referring to culture as routine, note that such routines which give an organization a competitive advantage may act as bottlenecks when implementing changes. When planning change it is important to identify such routines and change them. Burnes (2000), however differs, according to him changing routines can be difficult. Instead the organization should be restructured and people place in new roles and relationships and new culture develops.

2.5.2 Stakeholders Support

Stakeholders support is essential for a change programme. It is essential for top managers to mobilize support for change with partners outside the companies like banks, major donors and also the government. Because of many stakeholders groups with differing interests, achieving stakeholders support becomes a challenge and politics may set in. Hill and jones (2001) see organizational politics as tactics that strategic managers and stakeholders engage in to obtain and use power to influence organizational goals and change strategy and structure to further their own interests. According to Kanter, Stein, and Jick (1992), that the first step to implementing

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change is coalition building by involving key participants. Thus in the organization's political environment, obstacles to change and conflicts can be overcome through compromise bargaining and negotiating between managers and formation of coalitions of managers.

2.5.3 Leadership

In order for strategic change to be successful the organization leadership needs to accept the change. There are however individuals whose behavior is especially crucial to the success of strategic change. Most successful implementation requires the active participation of the CEO and other senior executives in an organization. Top executives provide the power, authority and resources necessary to carry out the strategic change. The new strategy champion must play the role of change agent and influence the behavior of senior management, middle management, and all other members of the organization so as to manage any resistance to change (Rowe et al, 1994). Paton, Beraneth, and Smith (2008) observed that real organization change is not something that can be simply imposed. Top-down direction setting for change should be balanced with genuine involvement of people throughout the organization in determining the direction and implementation of change.

A leader is not necessarily someone at the top of an organization, but rather someone who is in a position to influence others. Normally change agents or change champions provide the leadership role. The leader's role includes creating vision, empowering people, building teamwork and communicating the vision of the organization. A leader should lead by example by embracing the change being implemented so that the others can follow (Heller, 2009).

2.5.3 Management Support

Clear management support and focus is important in ensuring that the change objectives, and progress towards them are kept at the forefront of the organizational agenda, both literally and metaphorically. Change managers must watch for and counter change stalling. Basic infrastructure and support for the change process is important. Adequate staffing, money, time and other needed resources must be in the right places at the right time (Paton et al, 2008).

Organizational systems must be properly aligned with the needs of the change program. Management should ensure that they provide all the resources needed for the change process to be successful. These resources are in terms of finances, human resource required and infrastructure required. It should ensure that the human resource is well trained and has the required skills and knowledge. Lack of management support may make the change program fail miserably (Amenya, 2008).

2.5.4 Planning

Detailed, step by step plans are essential for change projects. Successful change programmes always involve planning for both the short and the long term. The clearer the objectives, the better the plan (Heller, 2009).Organizational change is a complex and long term task. Paton et al (2008) noted that planning is critical to success and should therefore involve several key activities. Firstly the mapping how the organization should move from its current state to a desired future state is crucial. Management need to also link together unrelated parts of a change process establishing priorities, timeliness, responsibilities and mechanisms for review and revision and engaging people in the process. Communicating about the changes and

consequently informing employees and others what is to happen, when and why are key factors in planning for success.

Effective planning for change should begin well before changes are to take effect and should be the product of wide consultations, at all levels of the organization, with the people who are to carry out the changes. Clearly articulating the links between the overall change and the work group, and ultimately each individual in the organization, is important. A detailed process of consultative change planning can be an important means of establishing these important linkages Flexibility in planning is important as well an appropriate degree of structure and control. Both elements must be balanced so that there are adequate and effective structures and controls along with sufficient flexibility to allow for changes and adjustments to plans when circumstances demand this (Amenya, 2008).

2.6 Resistance to change

The greatest challenge for managers is to overcome barriers especially emotional ones, to acceptance of change. While careful planning forestalls many problems, you will still need to interpret and deal effectively with various forms of resistance (Heller, 2009). Change produces resistance because it disrupts the momentum and inertia of organizational processes.

According to Ansoff and McDonnell (1990), resistance to change is a multifaceted phenomenon which introduces delays, additional costs and instability into the change process. Resistance in an organization setting is an expression of reservation which normally arises as a response or reaction to change (Waddell and Sohal, 1998). Folger and Skarlicki (1999), defines resistance as employee behavior that seeks to challenge, disrupt or invert prevailing assumptions, discourses and power relations. Homans (1961) proposes that resistance to change is one way for employees

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to exercise their power to restore the injustices within the existing power relationships. Trader (2002) on his part states that resistance reflects the subtext of organization humanity on stage during organization transformation efforts. Resistance to change is thus an essential factor to be considered in any change process, since a proper management of resistance is the key for change success or failure (Folger & Skarlicki, 1999).

A combination of behavioral and systemic resistance will persist through the change process. Systemic resistance to change occurs when operating and strategic activities within the firm compete for organizational capacity (Ansoff & McDonnelle, 1990). Systemic resistance originates from passive incompetence in managerial capacity to carry on the change. The capacity required to implement change is normally more than the existing capacity. Management requires planning and developing the required capability by integrating management development into the change process and stretching the implementation period as long as possible. Behavioral resistance is exhibited by individuals, managers or groups. Because of parochial self-interests, misunderstandings and lack of trusts, differences in assessment, or low tolerance to change individuals or groups may resist change. To overcome this problem there is need for those managing change to understand the needs of employees and also for employees to understand the change plan.

2.6.1 Overcoming Resistance to change

Traditional change management interventions emphasize a top down approach, which focuses on management control, rationality and structure. Butcher and Atkinson (2001) argue that the needs of the market and the external shareholders often imply a loss of security and jobs. They do not recognize that organizations are irrational systems and that social and political concerns play a

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decisive role in how employees react to change directives. Bottom-up change models focus on the social and political issues at work in organizations. For these models, environments are created in which individuals or departments adapt to change at their own pace (Beer, Eisenstat, & Spectorl, 1990).

Kotter and Schlesinger (1979) outlined the ways in which managers can improve their chance of success in organizational change efforts. Initially, managers need to conduct a full analysis of the current organizational situation to identify the forces causing the problem. They then need to conduct an analysis of the factors relevant to and arising from the potential change and consequently select a change strategy based on the analysis of the first two points. Furthermore, the managers need to outline the involvements of others, the speed of change and the amount of preplanning needed. It is also crucial that the implementation process is monitored so that adjustments can be made where necessary. Finally, managers of organizational change need to have interpersonal skills, which are the key to carrying out this analysis.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter introduces the research design that was used for this study, the methods of data collection and how the data collected was analyzed. It also gives a justification of the method selected under each methodology.

3.2 Research Design

A case design was used in this study. A case study design was appropriate for this research because it targets one organization and the problem which is unique to it. It gave a detailed investigation of the determinants and process of strategic change at FHOK.

3.3 Data collection

Both Primary and secondary data were collected for this study. This was an important approach since it involves more than one source of information. This ensured that what cannot be obtained from one source is obtained from the other source. Primary data was collected through face to face personal interviews with the current top management which consisted of the Executive Director, Programme Director and Finance & Administration Director. Primary data was also collected through face to face personal interviews with the former Executive Director who spearheaded some of the earlier strategic changes. An interview guide was used to collect primary data. The interview guide is attached in appendix 1.

Secondary data was collected from the organization internal sources. These included the board minutes and the strategic plan for FHOK. All the strategic decisions taking place at FHOK are passed by the board and so from the board minutes, it was possible to get all the decisions made in regards to the strategic changes that have occurred, since year 2003.

3.4   Data Analysis

The data analysis method applied in this study was the content analysis method. The content analysis was appropriate, considering that depth and detail of information was collected. It guarded against selective perception of the content and provides a rigorous application of reliability and validity. Given that this was case study the respondents were expected to describe knowledge and experiences, and hence the appropriateness of the content analysis.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Factors that necessitated change

The study carried out at FHOK revealed that they were several factors that necessitated change. These factors can be grouped into both external factors and internal factors. These factors compelled the top management of FHOK to make changes so as to remain competitive and to save its face.

4.1.1 External factors

They were several external factors that necessitated change at FHOK. These factors include Political Factors, Economical Factors, Technological factors and changes in customer demands. Politically there was need for FHOK to align itself to the political atmosphere then. When George Bush came into power, he introduced the Bush Gag Rule which affected FHOK in implementation of its programs. The rule often termed as the "Global Gag Rule," or the Mexico City Policy was a regulation issued from United States on January 22, 2001 where President George W. Bush issued an Executive Memorandum that formally reinstated a set of restrictions prohibiting foreign non-governmental recipients of U.S. family planning funds from, among other things, promoting or advocating abortion as either a means of family planning or, in all but potentially fatal cases, as a procedure to safeguard a woman's health. The rule did not support the sexual reproductive rights of individuals.

These restrictions, in the first instance, bind the U.S. Agency for International Development (USAID), the principal conduit through which U.S. bilateral funding for health care flows to

Kenya and to the developing world .As a result, the funding which FHOK used to get from USAID was ended .USAID used to support the activities of five clinics and once the funding came to an end, their operations were affected. The other donor who was also affected by this rule was KFHP. It stopped funding the other three FHOK clinics the same time as USAID. This was a big blow to FHOK because it meant that they either close the unfunded clinics or they fund the clinics from their own resources.

Economically FHOK was not doing so well. The organizations had opened several clinics. Most of these clinics were donor funded and their operations were supported by these donors. When the donor funding came to an end, the organization continued to support these clinics. As a result, the continued operations of these clinics ate into the organization scarce resources. The decision to close the first batch of clinics which were operating below the expected levels was made in December 2001 way after the funding came to an end. These clinics were Kisii, Eastleigh and Embu. Staff from these clinics had to be retrenched and some to be relocated to other clinics. Organization had to source for Kshs 15 million to pay the final dues of the retrenched staff which was so difficult for FHOK to raise because it was undergoing Financial difficulties. The organization had to implement some changes in its operations so to be able to overcome the tough economic times it was facing. Some of these strategies were: The management staff gratuity had to be reduced from 25% to 15% of the basic pay, but for the union sable staff it had to remain at 25% since it was already agreed in the collective bargaining agreement (CBA).The staff house allowance benefit was reduced from 50% to 40% per month. Leave allowance was also reduced from 3% to 2% per Annum. There was also a freeze on management staff annual increment starting 1st January 2003. FHOK being a volunteer based organization did not spare their volunteers either, their per diem rate was reduced by 10% of the

rate then prevailing. They were also to reduce unnecessary use of vehicles when on official duties. Branch delegate members attending the Annual Delegate Conference was also reduced significantly. These measures eased the financial burden that FHOK was facing but not so significantly.

Technologically, there was need for FHOK to upgrade its systems and operations so as to offer more competitive services. As a result, they upgraded one of their clinics in Nairobi to offer maternity services instead of offering curative and sexual based services only. Modern equipment's which will assist in offering these services were procured. The clinic was renovated to introduce more spaces so to accommodate maternity wards. Staffs with specialized knowledge were brought on board. This was the first measure that FHOK undertook to self-reliance instead of over relying on donors who can end their funding abruptly. Once the management realized how well the maternity services were picking, they decided to extend the same services to another clinic in Eldoret in year 2004. Currently FHOK operate these two maternity clinics which are doing so well in terms of revenue generation compared to the other clinics where no maternity services are being offered.

FHOK is a member association of IPPF and it's affiliated to it. IPPF funding is used to supplement the income of FHOK to run its activities in all the thematic areas. The top management of FHOK approached the regional director of IPPF to seek for solution due to the financial difficulties the organization was facing. The federation was also facing funding difficulties too since it was also affected by the Mexico City policy. No additional funding was obtained from IPPF. The organization resulted to implementing other long term strategies to

generate income. One of the strategies was writing and presenting proposals to the Government of Kenya to source for more funding. This worked well and it was able to bring on board donors like Global Funds who channel their funds through the government. Currently Global fund is one of the donors of FHOK. It was also able to get into partnership with the department of Reproductive health (DRH) under the ministry of Health, and FHOK benefits from this partnership by receiving free contraceptives from the Government.

With regards to the factors in the sexual reproductive health services, there was a need to meet the demands of the changing customer needs so as to become more competitive in the market. The organization decided to review the current range of services so as to offer a wide range of services. Initially FHOK used to offer only Family Planning services, but once the review was done, it started offering all kind of services relating to reproductive health and rights services which included curative services, child and maternal health services, post-abortion care, VCT, well person services and maternity services. Its programme services were also expanded to include youth, advocacy, HIV and AIDS, access and Abortion. This change in programme resulted to significant change in organization structure and systems.

4.1.2 Internal Factors

The study also revealed that there were several internal factors that necessitated change at FHOK. These factors included the need to review organization structure, need to restore the organization sustainability, the need to invest, the need to stabilize the organization cash flow and the need to generate higher revenues. One of the factors was to return the organization back to sustainability after suffering huge deficits due to continued support of eight clinics which were

previously funded by USAID and KFHP. Several cost cutting measures were put in place so as to improve the efficiency of operations. One of the measures was to reduce Kakamega clinic space from two floors to one floor i.e. Kakamega clinic was on rented premises unlike most of the clinics which are in FHOK premises.

Another factor which led to change was the need to review and rationalize organization structure so as to ensure that optimal number of staff is retained and fully utilized to implement the programme. As a means of achieving this, the organization embarked on a very rigorous exercise of staff utilization assessment in the head office and across all the branches of FHOK. It involved interviewing each staff and assessing the work load per individual and time spent on each assignment or tasks. From this exercise, department were merged where it was felt that there was lesser work load and some staffs were declared redundant. With a more effective workforce in place, better efficiency could be realized.

The need to stabilize organization cash flow and pay the liabilities on time was a key aspect that led to changes at FHOK. A resource mobilization committee was formed and it was composed of both the staff members and the volunteers. It was mandated with the task of coming up with a resource mobilization strategy which was to be complete with annual work plans and performance indicators. The team also set up a resource mobilization and marketing department and staff were put in place. Their main task was to resource mobilize for the organization and raise additional funding by writing proposal and lobbying for funds from prospective partners and stakeholders. Organization was able to get additional funding from some key partners in the society.

The need to invest and generate more income was another key aspect that led to change. Before any major investment in service provision and programme was undertaken the organization was to carry out feasibility study so as to verify whether the project is viable or not. This is how the construction of Nairobi west and Eldoret maternities clinics came about. These two investments bore fruits and still generate the largest percentage of the local incomes of FHOK to date.

Human resources were another factor that caused the urgency for change. After closure of the eight clinics, the need to streamline the work force was a major challenge. Staffs from closed clinics were to be deployed to other clinics which were incurring locum costs almost on permanent basis while many others were retrenched. Finances had to be sought to pay the retrenched staff, their final dues. After this restructuring of the organization, job evaluation for the remaining staffs had to be done. Harmonization of all staffs job descriptions was done and as a result, the organization had a leaner workforce with employees who were more accountable and responsible for their various areas of work.

The study also revealed that perceived overall poor management of FHOK by one of their major partners was another factor that led to change. IPPF is one of the major donors of FHOK and contributes 30% of the total unrestricted income of FHOK. IPPF felt that the current top management of FHOK plus its governing body then, was not running the organization as it is supposed to be. They perceived that the huge deficit that the organization was having in its books was as a result of the poor overall management of FHOK. The management on the other side felt that the huge deficit in the organization books was as a result of continued support of the eight

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unfunded clinics even after the donor funding abruptly came to an end. There was a lot of pressure from this partner for the board plus its top management which consisted of the three directors (Executive Director, Programme Director and Finance &Administration Director) to step aside. This was faced with a lot of resistance by the FHOK team but however in year 2008, the Programme Director and Finance Director resigned from their positions and towards the end of year 2008, the Executive Director retired after attaining the retirement age. During the Annual delegate's conference held in April 2009, the governing body then was made to step aside and an Interim governing council was put in place to run the organization. The three senior management positions were also filled towards the end of year 2008 and early 2009 and so IPPF wishes were fulfilled.

FHOK has no department specifically mandated to deal with managing strategic changes. As a result all matters concerning employee compliance in implementation of change as well as communication of changes were handled by the human resources department. The department handled this task so well since every now and then, change was communicated and the reason for change was also communicated. As a result, change to do with reducing employees allowances as discussed above and also retrenching some of their own was not faced with a lot of resistance since communication was forth coming. Though there was no major resistance experienced during the changeover, a lot of staff turnover was experienced. Staffs were resigning left, right and center from all branches and any new staff's coming on board were not completing their initial three years contract. This led to waste of FHOK resources in terms of training new staff and once trained, they would resign before even settling in their positions. The organization became a training ground for the other organization.

4.2 Strategic Objectives for change.

The study revealed that there were several objectives that the strategic changes intended to achieve. Some of the objectives were based on the Annual work plan and budget and also the strategic plan of the organization. Other objectives were based on the needs and the situation the organization was facing then.

One of the major objectives of FHOK was to eradicate the debt or the deficit that the organization was facing. This objective was to be achieved by generation of higher revenues than it was currently generating. Instead of relying on donor funding to support the remaining clinics, they were to be operated like any other business models in Kenya .Each year they came up with Business plans which were fully funded by their own locally generated income. The resource mobilization department was set so as to mobilize the organization funds and encourage more partnership with value adding partners. In year 2003, the clinics started operating like Business models and they still operate as such even today where they contribute 70% of the total unrestricted income.

The other objective was to minimize costs by effectively utilizing the available resources and improving operations that would achieve the expected outcome. This objective was to ensure that FHOK get a value for its funds in everything it undertook so as to minimize wastage which would make the deficit to go up. Clinics performing below the expected levels were closed down. Staff allowances were reduced and excess staffs were declared redundant thus implementing the recommendation of the staff utilization exercise.

Another common objective was to remove FHOK from the verge of insolvency following the poor performance over the year. Year after year, FHOK received qualified audited books from the external auditors. The reason for the qualification being the going concern of FHOK was always questioned. It could not be seen to survive in the foreseeable future. The management had to put up strategies in place to ensure that FHOK solvency was restored. One of the strategies was to write proposal to donors who contribute the highest percentage of administration costs since they would cater for most of the FHOK indirect costs. The other strategy was to increase the local income by empowering all the clinic managers to operate their branches like any other business models in Kenya.

Another objective was to restore the donor confidence which had been lost overtime. Due to financial difficulties that FHOK was facing, it resulted to use of donor funds to run its operations like paying of salaries, statutory deductions and other pressing liabilities which could not wait. As a result, implementations of programmes were affected since the donor direct activities were not being implemented due to lack of funds since they had been utilized in running FHOK day to day activities. One respondent gave an example where in September 2008, one of the donor by the name of Swedish International Development Agency (SIDA) commissioned an audit of its programme by the name of Young Men as equal partners (YMEP).From this audit, it was found out that FHOK had used this donor funds to the tune of 23 million to run its operations. It did not go well with this donor and a project which was running for five years was abruptly brought to an end. FHOK management was given one month to return the said funds. The other donors somehow came to know of these and the image of FHOK was adversely affected. To improve
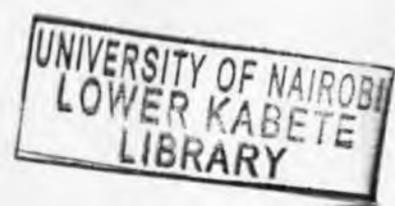
this, FHOK had to revise its financial policies. While initially the policies used to allow for inter-donor borrowing where one donor could borrow funds from another donor who had funds in bank account in case the previous one delayed the remittance. This policy was scrapped since it had led FHOK to the above mess. Thus effective 1st January 2009, the financial policies were revised to read that no inter donor borrowing will be allowed in FHOK operations. All the current donors then were informed of this revision.

The other objective was to improve the organization image which had been blurredly affected. The organization had a very bad image with the several statutory bodies due to delayed and non-payment of statutory deductions on time. An example of such statutory bodies was the Kenya Revenue Authority and the Ministry of Co-operative, development and Marketing. It was not once or twice that FHOK bank accounts had been frozen by these bodies due to non-payment of statutory deductions. As per the audited accounts of year 2008, FHOK owed Uzazi Bora SACCO (a staff SACCO within the organization) Kshs 18 million in terms of unremitted staff deductions. FHOK used to deduct from peoples monthly salaries, their SACCO deductions but these monies never used to be remitted to the SACCO. Pay as you earn (PAYE) never used to be remitted by the deadline date. It used to delay even for months before payments are made. FHOK had to restore its image with these bodies. It agreed on repayment plan with the Ministry of Co-operative where it was to pay UBC the total outstanding deductions of 18 million within two years and also monthly deductions were to be remitted by the deadline date. KRA also did a detailed investigation of FHOK books in year 2007,where the latter agreed to pay the outstanding taxes plus penalties with an agreed time and also monthly deductions started being

remitted on time. These days FHOK pays its statutory deduction on time and there is no outstanding debt with any of the statutory bodies. I believe its image has also been restored.

4.3 Process of change Management.

The study revealed that the process of change followed by FHOK was both continuous as well as one off event. Continuous process is where an organization continually keeps on changing so as to remain competitive and each change process is taken as a learning process for another change process. Despite the continued financial difficulties the organization was facing, it continued coming up with strategies to eradicate the deficit. Strategy after strategy were implemented all aimed at reducing the organization deficit.

The closure of the clinics was planned. When the donor funding abruptly came to an end, the clinics were not closed also abruptly, FHOK continued running these clinics and their closure was planned with time. Though their continued operations ate into the organization resources, each clinic was closed at its own time depending on how cost effective each clinic was. First was the closure of the Kisii, Eastleigh and Embu clinic in December 2001. After management felt the favorable effect of closure of these clinics, they decided to close another three clinics in July 2003. These included the Kakamega, Nyeri and Mombasa clinic. So they allowed themselves time to learn and feel the effect of this closure before deciding on the next closure.

The study also revealed that other restructuring exercises were planned and carried out in phases. For example the retrenchment and relocation of the employees was planned and the affected staffs were given ample time to think about it before the retrenchment was effected. Staff also from the branches which were to continue with operations was also given the options of

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voluntary early retirement with attractive final dues. Those who opted for early retirement were to be replaced with staff from the affected branches. With this communication to all the branches, FHOK experienced a huge number of staff who opted for voluntary early retirement with very few being involuntary retrenched. However before the employees were laid off the organization made sure that they received professional training and counseling on matters of managing their finances, starting up a businesses and basic skills that would enable them to continue with life outside FHOK.

The study revealed that continuous process was also evident from the time FHOK was formed. Every year the organization senior management team, meets for a one week workshop in mid-September where they deliberated and come up with next year work plans and budgets for the coming year. As they come up with this plan, experiences and lessons learnt from last and current year implementation of plans are incorporated in their planning. This plans is called the Annual work plan budget which guide the activities of next year and it is also based on the overall organization five year strategic plan.

The study revealed that in some instances the process of change was as one off event an exception to the normal running of the organization. This was evident when the board was told to step aside and the interim governing council took control. The delegates attended the Annual delegates' meeting hoping to carry out the election of new holders of office just like it is done in all the AGM. But they were surprised to learn that no election was to take place and instead an Interim Governing Council had already been selected by the IPPF and it was to take charge of the governing office immediately.

The study also found that a top-down approach was used in process of change at FHOK. This is whereby the top management was the initiators and drivers of change in almost all the instances. This was apparent in almost all the changes that were observed at FHOK. The communication trickled down from the top down to the juniors staff who were the implementers of change. Any change that was bound to take place at FHOK was communicated through staff meetings, office Memos and Circulars. An example was when the allowances of staff were to be reduced .Letters were written to each staff member detailing the reasons for the reduction of allowance and also assuring staff that once the organization gets back to its feet, the allowance will be reinstated back.

The respondents expressed different opinions in regards to the initiators of change. One of the respondent expressed that change was initiated politically by the Bush Gag rule since were it not for the rule, the clinics would have continued being funded by the USAID and KFP. Majority of the respondent felt that change was initiated by FHOK top management since they are the one who came with the decision to close up the clinics, restructure the organization, reduce the employees allowance and change the organization name. They felt that most of the strategic decisions which had taken place at FHOK were initiated by the top management and approved by the board. Another respondent felt that change was initiated by FHOK partners like IPPF and others donors like USAID. This is because by the withdrawal of some donors like USAID and KFHP, clinics were unfunded and so they had to be closed. IPPF also initiated change by forcing the board to step aside and making the top management to resign from their positions.

The study also revealed that external consultants were indirectly involved in bringing change in FHOK. Organization was subjected to several audits in a year once its books started reflecting a deficit position. The audits were commissioned by the IPPF and involved an in-depth analysis of FHOK operations to detect whether they were any cases of mismanagement and misuse of organization resources. These studies were carried out by Carly Stanner in year 2005, Delloitte and touché in year 2007 and finally a forensic Audit in year 2008 by KPMG. These consultants were able to give their views and they came with action plans which management of FHOK was supposed to implement with tight deadlines. Some of the action plans implemented in their reports involved some critical strategic changes in FHOK operations. For example a staff utilization exercise was recommended by one of the report which was to be done immediately and its recommendation implemented so as to cut out on personnel cost.

Communication was a tool that was used in whole change process. It had mainly two goals. The first goal was to explain and justify why the changes were necessary and the objectives of the change in order to address initial fears and resistance. The second goal was to involve the people that were affected by the changes as early as possible in order to gain their acceptance. The human resources department was responsible for this task and executed it very well. As a result little or no resistance was experienced during the transition. Employees were well empowered with information way before the change took place and thus they had time to digest and evaluate the change thus minimal or no resistance when change took place.

As a way forward, FHOK has a come up with a way of assessing itself periodically by carrying out a SWOT analysis. From this analysis it is able to know what are the opportunities and threats facing the organization at any particular time. It is able to align its activities to this analysis so as

nothing catches it by surprise. It does more of a proactive approach to change rather than reactive and that it's able to maintain the change momentum throughout its operations.
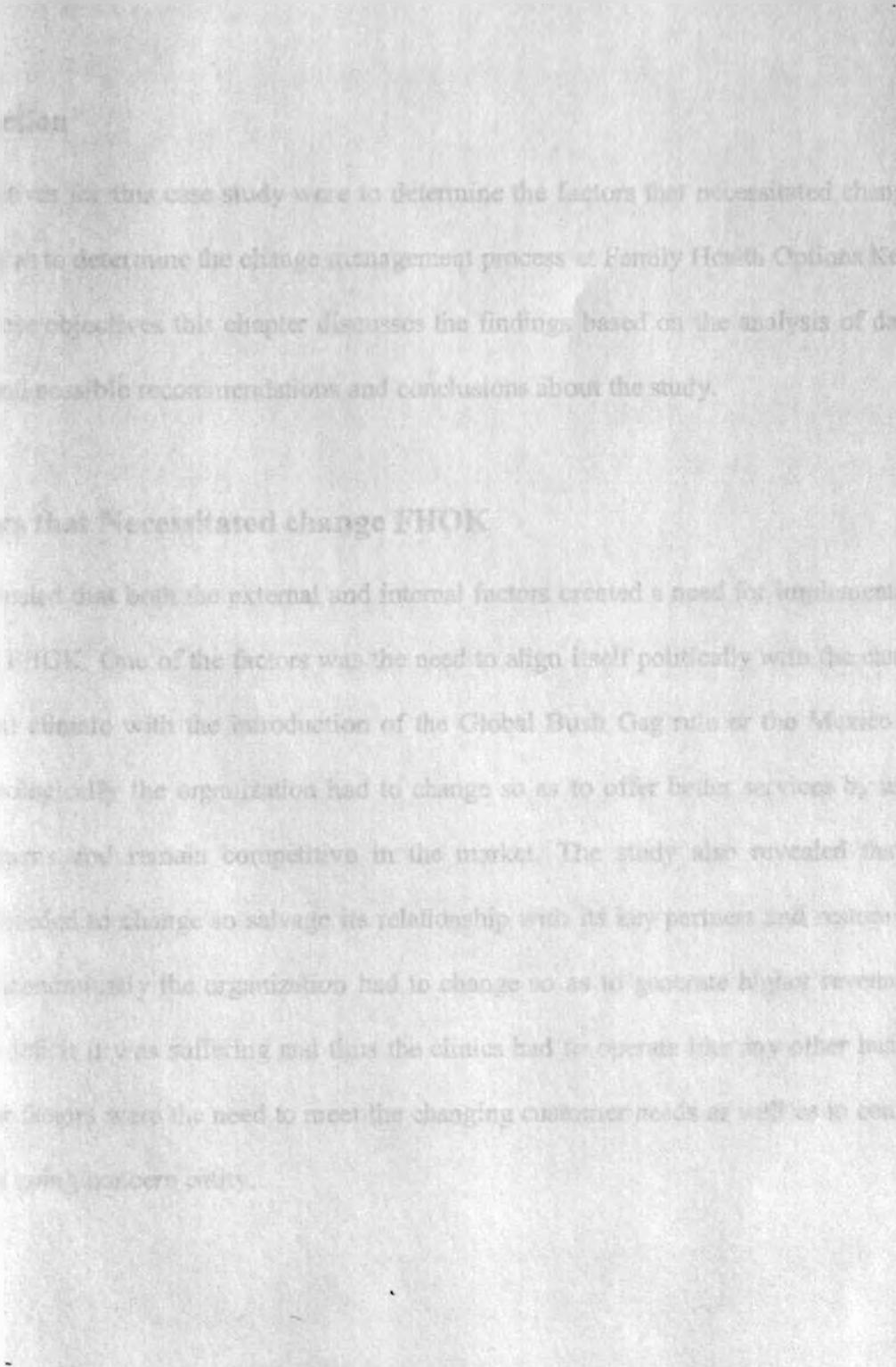
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The two objectives for this case study were to determine the factors that necessitated change at FHOK as well as to determine the change management process at Family Health Options Kenya. To address these objectives this chapter discusses the findings based on the analysis of data in chapter four and possible recommendations and conclusions about the study.

5.1.1 Factors that Necessitated change FHOK

The study revealed that both the external and internal factors created a need for implementation of changes at FHOK. One of the factors was the need to align itself politically with the changes in the political climate with the introduction of the Global Bush Gag rule or the Mexico City policy. Technologically the organization had to change so as to offer better services by use of upgraded systems and remain competitive in the market. The study also revealed that the organization needed to change so salvage its relationship with its key partners and restore their confidence. Economically the organization had to change so as to generate higher revenues to eradicate the deficit it was suffering and thus the clinics had to operate like any other business models. Other factors were the need to meet the changing customer needs as well as to continue operating as a going concern entity.

The internal factors that necessitated change included the need to stabilize the organization cash flow so to pay the organization liabilities when they fall due. The other factor was to review and rationalize organization structure so as to ensure that only optimal staff were retained and utilized. Other factors were the need to invest and generate higher revenues for the organization and also return the organization back to sustainability.

5.1.2 The change Management Process

It was found out that the change management process employed in FHOK was both continuous and a one off event. Continuous process is where an organization continually keeps on changing so as to remain competitive and each change process is taking as a learning process for another change process. Despite the continued financial difficulties the organization was facing, it continued coming up with strategies to eradicate the deficit. Strategy after strategy were implemented all aimed at reducing the organization deficit and improving its sustainability.

Every change was carefully planned and communication was given on time to the staff about the planned change. Employees were empowered with information. Communication was a tool that was used in whole change process. It had mainly two goals. The first goal was to explain and justify why the changes were necessary and the objectives of the change in order to address initial fears and resistance. The second goal was to involve the people that were affected by the changes as early as possible in order to gain their acceptance.

The study also established that continuous process of change, is still evident in organizations operations even today because every year the senior management of FHOK meet once per year

to come up with next year annual work plan and objectives. As they come with these annual objectives, they borrow a lot from the lessons learnt previously while implementing current and previous year's objectives. They are also guided by their five year strategic plan. The study also found that each department developed and still develops their own list of objectives which are based on the five year strategic plans.

From the data collected it emerged that change process was a one off event when the board was unexpectedly told to step aside and an Interim Governing council put in place. The board was not prepared for this. The delegates had attended the annual delegates' conference which had clear set out agendas but instead of holding the elections of new office bearers as expected, the board which consisted of grass roots volunteers was involuntary told to pave way and allow another board consisting of professionals to take charge.

From the study it also emerged that there were several factors that led to the successful implementation of change program. One of them was timely communication to all the staff which was well executed by the human resources department. The other factor was proper planning of the change program before it was executed. Changes were not executed abruptly. The other factor was full participation and involvement of all staff to matters concerning the organization. They were involved at all levels and sometimes they were involved in decision making. This resulted to minimal or no resistance faced during the change process. In reality most employees sympathized with the hard times the organization was facing.

5.2 Conclusions

It comes very strongly from the study that FHOK continues being affected by the environment it operates in just like any other organization in the world. It is not spared by the mere fact that it is Non -Governmental organization which is not for profit making. It has to continually align itself with the environmental needs otherwise it faces the threat of being faced out from the market. The study revealed that the environmental factors operating within the organization then were the genesis of the major problems that FHOK faced afterwards and contributed significantly to the strategic changes that occurred at FHOK. These factors threatened the mere existence of FHOK. By mere introduction of Global Bush Gag rule in January 2002 by President Bush, resulted to major donors pulling out their resources from funding FHOK operations, FHOK continued funding previously donor funded operations from its own scarce resources and this made it to incur huge deficits in its operations which threatened its own existence and blurred its image. To avoid getting into the same problem in future, FHOK periodically carries out a SWOT analysis of its environment and any measures are taken well in advance.

From the results of this study it can also be concluded that the process of strategic change at FHOK was successful. Most of the changes that were implemented were well thought out before the implementation took place. The top managements were very keen in planning for effective change before implementation of the same. Communication of the planned change was done very effectively by the human resources department and all employees were empowered with information. Although none of the initiators of change had prior training on change management, the overall change process of FHOK was successful.

The need for FHOK to stop immediately on over-reliance on donor funds was very critical. Though it is a donor funded organization, over-reliance on these donors can sometimes prove detrimental since their funding can come to an end any time. The organization needs to come up with measures to address what next after the donor funding comes to an end. FHOK has implemented some of the strategies to address this by ensuring that the remaining clinics are run like any other business models in Kenya with clear performance targets and achievable business plans.

The need for timely decision making is also very critical in this case study. Once the donors withdrew their funding from the operations of FHOK, the organization continued running these clinics knowing very well that their operations were eating into organization scarce resources. This resulted into huge deficits which FHOK is still clearing even today. If the management made timely decision to close those clinics on time, minimal or no deficit could have been incurred.

5.3 Limitations of the study

The major limitation of the study was the inability to access all the information contained in the minutes of the boards meetings. The minutes were just availed for only three hours and they were withdrawn due to their confidential nature. The respondents felt that if the minutes were availed for a longer period than this, they could have leaked some other confidential information.

Other limitation included the initial apprehension of the respondents to provide information on the determinants and process of change. They felt like it was washing their dirty linen in public.

They requested for time to go through the interview guide and absorb its contents, before they could be interviewed face to face.

5.4 Recommendations

Following the findings of this study, the researcher came up with the following suggestions that could assist FHOK in process of change and also in reducing the effects of determinants of change.

There is need for FHOK to continue aligning itself to the external environment. They should come up with a department which continuously accesses the environment in which it operates in. A department which will be charged with the sole responsibility of analyzing their customer needs every now and then, and upgrades their services according to their customer needs. As it is now, this role is executed by the clinic managers who are more engrossed in running the day to day activities of the clinics they are in charge of.

In their search for partnership with would be donors, FHOK should bring on board donors who are able to cover most of the indirect costs budgets. These are donors who contribute the highest percentage in terms of overheads costs. By use of these overhead recoveries, FHOK would be able to relieve some of the financial burdens that it currently has, thus reducing the debt. For example they are those donors who pay for staff time for the staff who are indirectly involved in implementation of the projects. This relieves FHOK part of the personnel cost burden for that period when the project will be in place.

Though the change process was a success, there is need to develop the essential competencies for the three levels of the organization change process at FHOK, namely, organizational competencies, departmental competencies and individual competencies. Achieving organization competencies will involve setting the overall strategies, assigning roles and responsibilities as well as the available resources. It will also involve managing the change process, ensuring compliance and successful outcomes. Departmental competencies will be achieved by communicating effectively about the plan of action to achieve the changes, while educating departments or group members. It will also be achieved by assigning jobs to members and redesigning processes to conform to new systems. Individual competency can be achieved by ensuring that employees assume responsibility for getting educated about the change process. They need to own the process to ensure its success as they are the ones who actually implement the changes. Competency can also be achieved when individuals are guided to do the tasks that specific processes require and by coordinating as a team with others in the organization.

FHOK should start bench making its activities with other organization which are perceived to be its competitors in the field of Reproductive health and rights services. Bench marking should be used as a basis for comparison using standards from high performing organizations that compete for the same donor funds as well have clinics which are generating incomes. It should be noted that just benchmarking does not lead to successful of the organization. It should improve its services to outsmart the standards of the best performing organization. Bench marking should also be used as a tool for ensuring that the clients or customers are getting value for their money by being charged competitively.

FHOK should also employ the rule of SMART objectives when coming up with organizational objectives. These objectives have the characteristics of being specific, measurable, achievable, realistic and timely. By implementation of these objectives, it will ensure that any decision taken will be timely, realistic and achievable. This will save the organization from incurring deficits like it incurred in the past for lack of taking action on time. Before any decision is taken, it should be evaluated to check whether it is a viable. A cost – benefit analysis should be done. The benefits should outweigh the costs for any decision to be implemented.

5.5 Suggestions for further research

Following the findings of the research reported in this paper, the researcher identified areas that could be explored as a basis for future research. This involves measuring the capacity for change and relating the effects of change on performance of FHOK.

Another suggestion for further research would be to access the organization responsiveness to changes in the environment.

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Appendix 1: Interview Guide

This interview guide is designed to collect views on the determinants and process of Strategic changes at FHOK which has been implemented since 2003.

Section A: General Information

1. Interviewee' name (Optional)...

2. Position...

Section B: Organizational Profile

1. What is the Vision of FHOK?

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2. What is the Mission of FHOK?

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3. What are the overall objectives for change?

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4. How do the organization mission, vision and values of FHOK affect the strategic change management process?

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5. What are the benefits of strategic change to the organization?

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6. How would you describe the pace of strategic change that has taken place at FHOK?

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Section C: Determinants of Change.

7. How would you describe the type of major changes that have occurred at FHOK since year 2003?

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....

8. What forces necessitated change at FHOK?

a) ....

b) ....

c) ....

d) ....

e) ....

9. What were the strategic objectives of the change programme?

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10. In your opinion, were the changes necessary? If yes, what was the extent of the necessity?

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11. Were there ready financial, technological and human resources to facilitate the changes at FHOK?

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12. What do you think the changes were out to achieve?

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....

Section D: Process of strategic change.

13. Was the change initiated within or outside the organization?

....

14. If within, who in the organization initiated the change?

....

15. In your own words describe the change management process in its planning and implementation phases?

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16. Do you view the change management process to have been preplanned?

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17. Which are the processes that are employed to ensure significant changes are implemented in an orderly manner?

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18. What other unintended changes did you observe during and after these major strategic changes?

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19. How were those involved in the change program empowered?

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20. What steps has the management taken to ensure that the change momentum is achieved and maintained?

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