

**CHALLENGES OF MANAGING STRATEGIC CHANGE AT THE NAIROBI
CITY WATER AND SEWARAGE COMPANY**

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Declaration

This research project is my original work and has not been presented for a degree in any other university.

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This research project has been submitted for examination with my approval as the University Supervisor.

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Dedication

To my Father, Wilfred Mironga and Mother, Beatrice Nyaboke. To My Wife, Rose Kemunto and Son, Lloyd Mironga for their continual support and encouragement over the period of my study.

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May God bless you all.

Abbreviations and Acronyms

AGM:	Annual General Meeting
AMACO:	Africa Merchandise Assurance Company
AWSB:	Athi Water Services Board
Dr.:	Doctor
HFCK:	Housing Finance Corporation in Kenya
ISO:	Organization of International Standards
MWI:	Ministry of Water and Irrigation
NCC:	Nairobi City Council
NCWSC:	Nairobi City Water and Sewarage Company
NGO:	Non-Governmental Organization
NSE:	Nairobi Securities Exchange
PROF.:	Professor
SWOT:	Strengths Weaknesses Opportunities and Threats
WSB:	Water Services Board
WSP:	Water Service Providers

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Abstract

Strategic change management is the process, tools and techniques to manage the people to tally with business change to achieve the required business outcomes as well as realizing that business change effectively within the social infrastructure of the workplace. Organizational change management is very important globally and it is influenced and affected by different internal and external factors, positively or negatively. The study sought to establish challenges of managing strategic change at Nairobi City Water and Sewerage Company. The study was conducted through a case study research design. Primary data was collected using an interview guide based on the organizational culture, top management commitment to change, organizational vision and strategies, communicating change strategies, tactical feedback and resistance to change variables. The research instrument was administered to senior managers (strategic manager, operational manager, human resource manager and business development managers) in NCWSC. Data was analyzed using content analysis technique. From the findings, organizational culture is supportive of strategy implementation in Nairobi City Water and Sewerage Company as evidenced by positive attitude towards change and the customer focused perceptions of the staffs. From the findings, failure of customers and staff to appreciate change; lack of understanding of strategy implementation; failure to recognize and implement changes, corruption and incompetence, are the obstacles in managing strategic change in NCWSC. On top management commitment to change, the findings indicated that organizing seminars on specific programs; provision of financial support; devising and supporting policies on strategy implementation; communicating changes to all the staffs as well as appointment of competent staffs enhanced management of strategic change in NCWSC.

From the findings, strategy implementation is communicated through electronic mails; Annual General Meetings (AGM); through circulars and notice boards; weekly staff meetings; training/workshops; Company publications (bulletins, memos, newsletters). From the findings, inadequate knowledge, poor communication, job insecurity and self-parochial interest motivates employees to resist change in NCWSC. In order to improve the level of the top management involved in managing strategic change in NCWSC, several strategies should be adopted. The organization should uphold training on corporate governance and management development; provide more resources in the strategy management process. In enhancing the match between organizational vision and strategies and strategic change in NCWSC the study recommends a number of strategies; such as devising a clear implementation plan with continuous monitoring and evaluation; enhancing awareness and provision of adequate human resource support; as well as comprehensible communication of vision and strategies. Tactical feedback in NCWSC can be enhanced through effective communication; involving all the stakeholders; supporting the process through provision of resources; setting timely feedback period as well as through monitoring and evaluation of the process.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

In an ever-changing global economy, Johnson and Scholes (2008) noted that organizations formulate ways for operating by developing new competences as the old advantage and competences gained is quickly eroded owing to environmental changes. Rose and Lawton (1999) observed that changes in the service institutions arise out of the need for efficiency, economy, effectiveness, performance evaluation, ethics and market concerns. Rising demand for services and expectations of quality of those services have placed extreme pressure on managers and their organisations, depicting change on the environment as a continuous episode in the life of corporations and that they require advanced management strategies.

Kotter and Heskett (1992) identified several factors that make strategic change management difficult. Organizations that have been successful in the past may persist in their cultural values even though these values inhibit the organization from adapting to a changing business environment. These cultures are often inward looking, bureaucratic and autocratic. According to Ansoff and Sullivan (1993), strategic change is any planned or unplanned transition from one scenario to another. Strategic change is long term in nature, affects the entire organization and aims at achieving effectiveness. Organizational change management is very important globally and it is influenced and affected by different internal and external factors, positively or negatively. Most organizations have been undergoing rapid changes during the last decade.

Since its inception in the year 2005 through the Water Act 2002, NCWSC has undertaken several strategic changes, ranging from its managerial practices to service delivery. In response to managerial concerns, NCWSC has undergone major strategic changes refocusing its business from the traditional ways of settling bills to a more modern and customer friendly approach; change of leadership and various reforms in its management, thus perceived challenges of managing strategic change in the firm.

1.1.1 Strategic Change Management

Senge et al., (1999) refer to change as the way an organization adapts internally to the changes in the environment. In these senses, change is not something that just happens, but must be planned in a proactive and purposeful way to keep an organization current and viable (Robbins, 1990). As Kanter et al., (1992) point out, if a change does not occur in character, it will be cosmetic and short-lived, and therefore will not have the desired effects. Change with alteration in conduct is transformation. But, change without alteration in conduct is structural, superficial and temporary, which means that any financial resources spent on such changes are simply wasted. Only if management is practiced and the changes are internalized in the hearts of people will behavioral modification occur and the desired effects achieved. Similarly, Alkhafaji (2001) points out that many attempts are made to improve the performance of an organization such as buyouts, mergers and acquisitions, but these will not affect the employees' work or the way the organization is managed.

Strategic change management is the process, tools and techniques to manage the people to tally with business change to achieve the required business outcomes as well as realizing

that business change effectively within the social infrastructure of the workplace (Jeff, 2007). Strategic change management entails thoughtful planning and sensitive implementation and above all consultation with, and involvement of the people affected by the changes. For the organization to be viable in the changing environment, have to review their organization management in their operation process. However, successful organizations effectively manage continuously by adapting their bureaucracies, strategies, systems, products and cultures to survive the shocks and prosper from the forces that decimate competition (Hart, 2002). Mankins and Steele (2005) affirmed that problems arise when change is forced on people and, therefore, change must be realistically achievable and measurable. Change management can be studied in terms of its effects at the individual level, group; organization and society, national or international level (Burnes, 2009).

Successful strategic management process follows three steps: Strategy formulation where the mission, vision of an organization is truly defined and a SWOT analysis is done to measure its capabilities and obstacles. This stage determines how the available resources will be allocated; Strategy implementation is the action stage followed by the strategy evaluation and control. In Kenya, most organizations particularly those in the service sector have adopted a combination of the above mentioned but a good number of them have addressed the need to improve efficiency and effectiveness with what was already existing such as increased service delivery to the customers. The study of Nairobi City Water and Sewerage Company will try to examine challenges facing management of strategic change undertaken and whether the intended goals and objectives can be realized with the strategic decisions made by the management of the organization.

1.1.2 Challenges of Managing Strategic Change

Although a sense of direction is important, it can also stifle creativity, especially if it is rigidly enforced. In an uncertain and ambiguous world, fluidity can be more important than a finely tuned strategic compass. When a strategy becomes internalized into a corporate culture, it can lead to group think. It can also cause an organization to define itself too narrowly (David, 2008). Gary and Hamel (2000) coined the term strategic convergence to explain the limited scope of the strategies being used by rivals in greatly differing circumstances. He lamented that strategies converge more than they should, because the more successful ones are imitated by firms that do not understand that the strategic process involves designing a custom strategy for the specifics of each situation.

One major barrier to change can be people who have seen change efforts fail in the past, either at this or at other organizations, and assume if they keep their head down, everything will return to normal. Getting the active involvement of these people is essential. Measurement systems and surveys are both also useful for tracking the effects of change throughout the organization for effective follow-through - including finding pockets of passive or active resistance. These should be addressed through persuasion and co-opting rather than force. Many successful change efforts can boast of higher productivity and quality, with reduced costs, and no lost jobs. Technologies can be changed, but unless people support the new systems, problems are bound to crop up. It is much less expensive to anticipate and work with the social issues than to blindly throw money into systems, and then clean up the mess afterwards (Blaxill and Eckardt, 2009).

1.1.3 Service Water Industry in Kenya

The Ministry of Water and Irrigation (MWI) is the ministry in charge of the water sector and is therefore responsible for the overall management of water resources and general government policy on the water sector in the country. In 2002 the water sector reforms in Kenya culminated in the passing of the Water Act; the Act, which was gazetted in October 2002, gained legislative force in 2003. The Water Act introduced new water management institutions to govern water and sanitation (water sector institutions). While water resources remained vested in the state, the water reforms saw the introduction of the commercialization of water resources as part of the decentralization process and the participation of stakeholders in the management of national water resources. The separation of policy and regulatory responsibilities and the devolution of responsibilities for water resources management and water services provision to local level functions has been the principal mechanism for improving accountability and transparency in the water and sanitation sector.

The functions of Water Service Providers (WSPs) include the direct provision of water and sanitation services and the development, rehabilitation and maintenance of water and sewerage facilities of the Water Services Boards (WSB). The Water Service Providers act as agents of the Water Services Boards. Under the Water Act, Water Service Providers are defined to include companies, NGOs, other persons or bodies. The Interpretation and General Provisions Act, Chapter 2 of the Laws of Kenya defines “person” as a legal or natural person. The implications are that community groups to qualify as Water Service Providers must be formally registered under the Societies Act, Chapter 108 of the Laws of

Kenya to gain legal personality. The National Policy on Water Resources Management and Development which called for de-centralization of operational activities from the central Government to other actors, including local authorities, the private sector and increased involvement of communities in order to improve efficiency and sustainability in service delivery.

1.1.4 Nairobi City Water and Sewerage Company

Nairobi City Water and Sewerage Company (NCWSC) is a Water Service Provider (WSP) charged with the provision of water and sewerage services in Nairobi and its environs. Those services were previously offered by the Water and Sewerage Department of the Nairobi City Council. Nairobi City Water and Sewerage Company's formation arose from the enactment of the Water Act 2002, which created new institutions to manage water resources in the country. Under the new Act, water service providers will be licensed by Water Services Boards (WSB) to retail water in their jurisdictions. Nairobi City Water and Sewerage Company is one such water service provider, which has been appointed by the Athi Water Services Board (AWSB) to provide water and sewerage services to the residents of Nairobi and its environs (NCWSC, 2011).

The Company is engaged purely in providing water and sewerage services to the residents of Nairobi. The NCWSC is a subsidiary of the Nairobi City Council (NCC). The Company, however, has operational autonomy to enable it to run efficiently and without interference. The Company has an independent Board of twelve Directors constituting of professional individuals drawn from private sector organizations, professional bodies, the NGO sector

and the City Council. To enhance the Nairobi City Water and Sewerage Company's efficiency, the senior management team of the Company has been recruited competitively from the job market. Both Directors and senior management staff are bound by code of ethics that assures suppliers of due diligence in keeping with the Company's goal of strengthening its corporate governance (Karanja, 2011).

Since the Company is run on commercial principles, staff and management are integrated into a competitive and productive environment that is customer-focused and results-oriented. The Company is also ISO 9001:2008 certified to ensure the consumers on the quality management systems adopted within the Company. Currently, of the three million residents of Nairobi, only 50 per cent have direct access to piped water. The rest obtain water from kiosks, vendors and illegal connections. Of the existing customers, about 40 per cent receive water on the 24-hour basis. The Nairobi City Water and Sewerage Company is committed to ensuring that all stakeholders receive water regularly and efficiently and that the water reaching the customers is of highest quality. The Company aspires to be a role model among other water companies established across Africa by adopting overhaul strategies that will enable it to be effective (NCWSC, 2011).

1.2 Research Problem

Strategic change management has been touted as one of the effective management tools in strengthening organizational performance through effective decision making and systematic strategy formulation and implementation. It has also become extremely popular with organizations or corporations that would like to initiate significant change to processes that

include both work tasks and culture. How the organization responds to these changes is what is of more concern. Response to changes in environment can be reactive and proactive and is easy said than implemented. Involvement of organization's staff is very important for the change process to be smooth. Despite adoption of this strategy, they face various challenges in their practice of strategic management that hinders them to achieve the organization's objectives and goals.

Since its inception in the year 2005 through the Water Act 2002, NCWSC has undertaken several strategic changes, ranging from its managerial practices to service delivery. The organization's vision and mission statements guided them. In response to managerial concerns, NCWSC has undergone major strategic changes refocusing its business from the traditional ways of settling bills to a more modern and customer friendly approach; change of leadership and various reforms in its management. Concerning structure, NCWSC has implemented changes, which include restructuring departments in order to centralize key operational areas, review and modernizations of operational processes to improve efficiency and effectiveness, improving internal resource capabilities through staff appointments and training, i.e. there was a representation of the public figure from major organizations such as NGOs, professional bodies and private sector. Further, the organization had merged with other organizations such as banks and Safaricom to ensure bill payment is done in time.

In spite of the attention that the management of change has received, organizations continue to have problems in managing organizational change and the search for generalized laws of change still pervades the discipline (Wilson, 1992). Research undertaken by Paton and McCalman (2000) indicated that one-half to two-thirds of all major corporate change efforts

fail and resistance is the little-recognized but critically important contributor to that failure. Similarly, Burnes (2009) found failure of the management and workers to be major impediment to the application of strategic change management practices in Australian banking industry.

There is evidence to suggest that the universal model of change management is inadequate to describe the diversity of approaches actually used by organization (Chapman, 2005). However, few of these international studies have focused on change management practices in the context of organizational performance. In Kenya, few studies have been conducted on strategic change management practices. Gekonge (1999) conducted a survey of the strategic change management practices by Kenyan companies listed at the Nairobi Stock Exchange (NSE). Otiso (2008) did a case study of Africa Merchant Assurance Company (AMACO) and Bwibo (2000) on Non-Governmental Organizations in Kenya. Sikasa (2004) carried out a study on customer perception of change management practices at Housing Finance Corporation of Kenya (HFCK). However, no research has been done on challenges of managing strategic change in State Corporations in Kenya in general and NCWSC in particular. This is despite the fact that the State Corporations are facing a continuous process of change globally and NCWSC has undergone many changes and still will, should it continue being a going concern; change is inevitable. This study sought to fill the research gap that exists by carrying out a survey of challenges of managing strategic change at the Nairobi City Water and Sewerage Company. This study sought to answer the research question, what are the challenges faced by the NCWSC in managing strategic change?

1.3 Research Objective

To establish challenges of managing strategic change at Nairobi City Water and Sewerage Company.

1.4 Value of the Study

Since there is no academic study, which has ever been conducted on analysis of challenges of managing strategic change in State Corporations, it is hoped that the findings of this study will: contribute new knowledge and form an appropriate framework upon which strategic plans may be implemented at NCWSC. Further, the study will be important to the management of NCWSC at all levels as it will help them to understand the challenges affecting strategic change management and how this understanding can help to re-align the strategic plan to meet the emerging challenges and expectations brought about by the new Constitutional dispensation and the Vision 2030.

The study will highlight other important relationships that require further research. The results of this study will also be valuable to researchers and scholars, as it will form a basis for further research. The students and academicians will use this study as a basis for discussions on innovation strategies and organizational performance. The study will be a source of reference material for future researchers on other related topics. It will also help other academicians who undertake the same topic in their studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter discusses the past studies on strategic change management practices and the challenges encountered in organizations. The specific areas covered are critical review and empirical review.

2.2 Strategic Change Management

Today strategic management practice is needed in all types of organizations regardless of their size, at all organizations levels and in all work areas. Strategic management influence the organization's performance which is essential for organizations survival. Strategic management is even imperative in the continually changing situation that organizations face as it helps managers to examine relevant factors before deciding their course of action, thus helping them to better cope with uncertain environments. More importantly, strategic management is important as diverse divisions and departments that need to be coordinated compose most organizations; else, there would be no focus on achieving the organization's goals (Hamel, 2006). Even though there are several definitions provided, is still not adequately defined because of the process and concepts that involves within it.

For strategic intent to become a reality, it is necessary to change the way in which individuals within an organization behave. This requires more than restructuring and new systems. There are three issues that managers leading change need to factor in when addressing major change. Although strategic management was more prevalent in the public sector since the concept was developed, the interest of using strategic management in the

private sector has been hindered by some challenges either being internal or external challenges (Smith, 2004). The guiding principles in any strategic management process, whether in the public or private sector, are about understanding what changes are needed, how to implement and manage these changes, and how to create a roadmap for sustaining improvements that lead to better performance. The difficulty in strategic management is the challenge of laying a foundation for success in the future while meeting today's challenges (Aaker, 2002).

David (2003) argues that Strategic Management Model is dynamic and continuous. Furthermore, one major change in one or more of the process can affect the other processes as well. He further explains that strategy formulation, implementation and evaluation should be performed on a continual basis. Strategic management is the set of managerial decision and action that determines the long-run performance of a corporation. It includes environmental scanning (both external and internal), strategy formulation (strategic or long range planning), strategy implementation and evaluation and control. The study of strategic management therefore emphasizes the monitoring and evaluation of external opportunities and threats in light of a corporation's strengths and weaknesses.

2.3 Challenges of Managing Strategic Change

One of the biggest reasons for strategic management failure is the large gap between strategy planning and practical work. The management of strategy is often found difficult mainly because the creators of the strategy and the employees who are expected to make it

realized in work among different functions think differently and talk different languages (Mantere et al., 2002). Specific challenges are reviewed below.

2.3.1 Organizational Culture

One of the major challenges in strategic change management appears to be more cultural and behavioral in nature, including the impact of poor integration of activities and diminished feelings of ownership and commitment (Heide, Gronhaug and Johannessen, 2002). Brenes and Molina (2007), meanwhile, identified the deadly sins of strategic change management in which involve: a lack of understanding of how the strategy should be managed and implemented, customers and staff do not fully appreciating the change; difficulties and obstacles not acknowledged, recognized or acted upon; and ignoring the day-to-day business imperatives.

Culture performs importantly in strategy change management of organizations beside those of schools. According to Alexander (1985), ecology and culture are the two elements whose interrelatedness and interaction creates the context in which school improvements efforts are undertaken. Thus, the culture of the school-attitudes and beliefs, school norms, relationships may either impend or facilitate improvement efforts. Attitude and beliefs, he argues, influence how teachers behave.

Heracleous (2000) refers to organizational culture as the epicenter of change. Deal and Peterson (1994) illustrates how dysfunctional school culture e.g. inward focus, short-term focus, low morale, fragmentation, inconsistency, emotional outbursts, and subculture values that supersede shared organizational values, can impend organizational improvement. In

addition, Bhambri and Sonnenfeld (1988), claims that for change management to be successful, the organization and its culture must move from this sense of loss to one of commitment to the new behaviors, attitudes, values and beliefs.

2.3.2 Top Management Commitment to Change

The most important factor when managing strategic change is the top level management's commitment to the strategic direction itself. This is undoubtedly a prerequisite for strategy management. Therefore, top managers must demonstrate their willingness to give energy and loyalty to the change management process. Foster and Browne (2006), recognize the role of middle managers, arguing they are the "key actors" "who have a pivotal role in strategic communication". In addition to the above, another inhibitor to successful strategy management that has been receiving a considerable amount of attention is the impact of an organization's existing management controls (Langfield-Smith, 1997) and particularly its budgeting systems (Marginson, 2002).

White (1986), suggest that education and training policies depend on a firm's management culture and forms of management-led organizational change. While such policies are affected by a firm's market, production technologies and strategic goals, managers have the discretion to pursue varied strategies regarding three issues: entry-level education and training, employee development, and company-school relations. The author's survey of 406 firms in 1991 indicated that there are two management characteristics; innovation commitment and resistance to change. Two forms of management-led organizational change; firm downsizing and work redesign, shape education and training strategies.

2.3.3 Organizational Vision and Strategies

This barrier occurs when an organization cannot translate its vision and strategy into terms that can be understood and acted upon. Lacking consensus and clarity, different groups pursue different agendas according to their own interpretations of vision and strategy. Strategies that are not linked to departmental, team and individual goals is the second barrier that arises when the long-term requirements of the business unit's strategy are not translated into goals for departments, teams and individuals. This barrier can perhaps be attributed to the failure of human resource managers to facilitate the alignment of individual and team goals to overall organizational objectives (Kaplan and Norton, 1996).

Strategies that are not linked to long- and short-term resource allocation being the third barrier is the failure to link action programs and resource allocation to long-term strategic priorities. Major initiatives are undertaken with little sense of priority or strategic impact, and monthly and quarterly reviews focus on explaining deviations between actual and budgeted operations, not on whether progress is being made on strategic objectives (Kaplan and Norton, 1996).

2.3.4 Communicating Change Strategies

Communication aspects should be emphasized in strategic change management process. Even though studies point out that communication is a key success factor within strategy implementation (Peng and Litteljohn, 2001), communicating with employees concerning issues related to the strategy management is frequently delayed until the changes have already crystallized. In addition to inability to solicit questions and feedback, lack of

communication causes more harm as the employees are not informed about the new requirements, tasks and activities to be performed by the affected employees and furthermore cover the reason behind changed circumstances (Alexander, 1985).

It is essential both during and after an organizational change to communicate information about organizational developments to all levels in a timely fashion. The way in which a strategy is presented to employees is of great influence to their acceptance of it. To deal with this critical situation, an integrated communications plan must be developed. Such a plan is an effective vehicle for focusing the employees' attention on the value of the selected strategy to be managed (Forman and Argenti, 2005). Lares-Mankki (1994) examined effects of top management's practices on employee commitment, job satisfaction and role uncertainty by surveying 862 insurance company workers. Five management practices were analyzed: creating and sharing an organizational goal, acting as a role model, encouraging creativeness, providing support for employees and allowing employee participation in making job-related decisions.

2.3.5 Tactical Feedback

The fifth barrier is the lack of feedback on how changes will be managed and whether it is working. Little or no time is spent examining indicators of change management and success. The consequence is that organizations have no way of getting feedback on their strategic change (Kaplan and Norton, 1996). To ensure successful strategy management, the strategy messages should be interpreted somewhat similarly to create mutual understanding. (Aaltonen et al., 2002) argues that understanding the message is not enough though to make

the employees function in accordance with the strategy, the strategic messages should be accepted and adopted as well.

In the end, the management of strategy depends on how the employees in an organization execute strategy in their own actions (Aaltonen et al., 2002). According to Kaplan and Norton (2001), strategy focused organizations understand well the importance of engaging and aligning all of their employees to strategy. Ultimately, the employees are the ones who will be implementing the strategy while manager manages the process.

2.3.6 Resistance to Change

Resistance to change has been recognized as one of the important factors that can influence the success of organizational changes, including new technology innovation, new policies, and new organizational structure. Maurer (1996) indicated that half to two-thirds of all major corporate change efforts fail and resistance is the little-recognized but critically important contributor to that failure. Recent studies of resistance to change have focused on behavior reaction. Brower and Abolafia (1995) defined resistance as a particular kind of action or inaction, while Ashforth and Mael (1998) defined it as intentional acts of commission (defiance) or omission.

Block (1993) pointed out that resistance might occur when people distrust or have past resentments toward those leading the change and when they have different understandings or assessments of the situation. O'Toole (1995) reported that resistance to change is an effort to protect established social relations perceived to be threatened. Spector (1989) argued that resistance occurs because change threatens the status quo or increases the fear of and

anxiety about real or imagined consequences. Bryant (2006) stated that change threatens personal security and confidence in an ability to perform.

Managers in charge of rolling out a change initiative often blame others for the failure of the initiative, rather than accepting their role in its failure. Employees are likely to do the same thing, assigning blame for failed change attempts to their managers, rather than themselves (Argyris, 1990). Dealing successfully with resistance depends on change agent's ability to represent the change accurately, to describe the source of resistance in the individual, and to choose and implement strategies appropriate for addressing and overcoming that source.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the following aspects: the research design, the population, the sampling strategies, the data collection process, the instruments for data gathering, as well as, data analysis methods adopted to meet the objective stated in chapter one of the study.

3.2 Research Design

This research was conducted through a case study since it focused on one organization. A case study is an in-depth investigation of an individual, institution or phenomenon (Mugenda and Mugenda, 2003). The study method presented in-depth information on challenges of managing strategic change at NCWSC.

A case study is suitable for this research as it involves a complete observation of a social unit (a person, a group or a social institution) emphasizing in depth rather than in- breadth analysis (Robson, 2002). Case study can be seen to satisfy the three tenets of the qualitative method: describing, understanding, and explaining (Yin Yin, 1994).

More so, a case study is important for analyzing information in a systematic way to come up with useful conclusions and recommendations (Mugenda and Mugenda, 1999). According to Gray (2004), the case study method is ideal when a ‘how’ or ‘why’ question is being asked about a contemporary set of events over which the researcher has no control.

3.3 Data Collection

The study used primary data. The study relied on primary data that was collected using an interview guide through interviewing technique. Primary data was collected based on the organizational culture, top management commitment to change, organizational vision and strategies, communicating change strategies, tactical feedback and resistance to change variables.

The research instrument was administered to senior managers (strategic manager, operational manager, human resource manager and business development managers) in NCWSC to collect primary data. The respondents (managers) were targeted since they were in a good position to provide reliable information, as they are involved in formulation, implementation and evaluation of strategy.

3.4 Data Analysis

The study generated qualitative data (open-ended questions). Qualitative data was analyzed based on the content matter of the responses. Responses with common themes or patterns were grouped together into coherent categories. Content analysis objective is to obtain a qualitative description of the manifest content of communication (Robison, 2003). In content analysis, the responses from different respondents are compared and summarized according to the objective of the study. It is appropriate since it offers flexibility and allows for objective, systematic and quantitative description of the content of communication (Cooper and Schindler, 2006). Explanations were presented in prose form.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND FINDINGS

4.1 Introduction

This chapter presents data analysis, results and discussion. The objective of the study was to establish challenges of managing strategic change at Nairobi City Water and Sewerage Company. Primary data was collected through in-depth interviews with strategic manager, operational manager, human resource manager, business development managers, production manager, quality assurance manager, planning monitoring and evaluation manager in NCWSC. The data was analyzed based on the objective of the study and the findings are presented in the different categories as below.

4.2 Analysis of Respondents' Background Information

The study sought to establish the information on the respondents who participated in the study concerning their designation, duration of working in NCWSC as well as their academic qualifications. These bio-data points at the respondents' suitability in answering the questions and looks at the employment demographics in NCWSC. From the findings, most of the respondents had served in the organization for a period of between four (4) and seven (7) years. In addition, majority had acquired postgraduate education. The interviewees indicated that NCWSC had adopted strategic changes in the previous two years.

4.3 Organizational Culture

The study asked the respondents to state if the organizational culture is supportive of strategy implementation in Nairobi City Water and Sewerage Company. They affirmed this, stating that this has been evidenced by positive attitude towards change and the customer

focused perceptions of the staffs. In addition, mutual interactions of the staff was cited to playing different roles in a collective system calls for mutual co-operative behavior; the culture sets the norms for the whole organization and provides a sense of direction which governs how to behave, what to do, where to place organizational priorities. In addition, the management patterns in NCWSC set the "tone" of the organization, establish the rhythm for operation, influence the process of decision-making and create action impulses.

4.3.1 Obstacles in Managing Strategic Change in NCWSC

The study in this part asked the respondents to indicate in detail the obstacles encountered in managing strategic change in NCWSC. They indicated several challenges such as; lack of understanding of how the strategy should be managed and implemented; difficulties and obstacles are rarely acknowledged; changes are rarely recognized or acted upon; staffs seldom perceive changes adopted to address day-to-day business imperative. In addition, there is exhibition of corruption and incompetence, political interference, there is fear of disc placement/ self-parochial interest as well as resistance to change from the employees.

4.3.2 Influence of Organizational Culture on Management of the Strategic Change

The study asked the respondents to point out how organizational culture has enhanced management of the strategic change in NCWSC. They indicated that organizational culture has enhanced linkage of values to strategic change; improved operations towards attainment of goals. They stated that the progress of strategic change adapted are as a result of committing group through a coalitional form of decision-making and a involvement of managing staff through a strong corporate culture. In addition, NCWSC has adopted a

culture that move from sense of loss to one of commitment to the new behaviors, attitudes, values and beliefs to ensure a successful strategic change management. They also indicated that change within NCWSC is an aspect that requires necessitated modification of other aspects of the organization before those changes can be institutionalized successfully. The interviewees thus noted that NCWSC has a strong corporate culture that ensures complete involvement of staff in the management of strategic change.

4.3.4 Managing Challenges Encountered due to Organizational Culture during Management of Strategic Change Management

The respondents were asked to provide ways in which challenges encountered because of organizational culture during management of strategic change management are managed in NCWSC. They stated several measures, such as continuous staff training and enhancing awareness; creating a sustainable change implementation plan; hiring competent managers; eliminating nepotism; staff empowerment and rewarding; job rotation; setting and reviewing organizational goals. They also indicated that the management should lead the organization by creating apprehension of strategic change within NCWSC.

4.4 Top Management Commitment to Change

The interviewees were asked to say if they consider the support offered by departmental/program managers as adequate. Majority of them noted that the support as inadequately sustaining in strategy implementation.

4.4.1 Influence of Top Management Commitment to Strategic Change

In this part, the respondents were asked to point out how top management commitment has enhanced management of strategic change in NCWSC. Several measures were cited such as; organizing seminars on specific programs; provision of financial support; devising and supporting policies on strategy implementation; communicating changes to all the staffs as well as appointment of competent staffs. They noted that top managers in NCWSC demonstrate willingness to give energy and loyalty to the change management process and are accountable for the implementation of the decisions in strategic management.

4.4.2 Improving the Level of the Top Management Involved in Managing Strategic Change

The respondents were asked to provide suggestions on how to improve the level of the top management involved in managing strategic change in NCWSC. They mentioned several measures such as: training on corporate governance; management development; and provide more resources in the strategy management process. In addition, the management should be sensitized on their organizational roles; they should exhibit a culture of low political influence. They also noted that the management should be fully involved in setting the objectives as well as implementing strategic decisions in NCWSC. Thus, they should be well versed with the changes that need to be implemented.

4.5 Organizational Vision and Strategies

The study in this section asked the respondents if organizational vision and strategies influence strategic change management in NCWSC. They all affirmed to this.

4.5.1 Influence of Organizational Vision and Strategies on Managing Strategic Change

The respondents were asked to indicate how organizational vision and strategies enhance managing strategic change in NCWSC. The respondents indicated that the organization vision and strategies are clearly understood by all groups/staff/departments. The human resource in NCWSC effectively align individual and team goals to organization overall objectives. The resources are adequately and properly allocated to achieve long-term objectives of the organization.

The organizational vision and strategies positively influences strategic change management since they are articulated to focus on the future of the organization. In addition, the respondents indicated that the vision and strategies enhance the organization's efficiency since they are clear and integrate the values, beliefs and perceptions of the organization.

4.5.2 Enhancing the Link between Organizational Vision and Strategies with the Strategic Change

The interviewees were requested to provide their own opinions on what should be done to tally organizational vision and strategies with the strategic change in NCWSC. Several measures were cited such as; creating sensitization through training; devising a clear implementation plan with continuous monitoring and evaluation; creating awareness and provision of adequate human resource support; as well as comprehensible communication of vision and strategies.

4.6 Communicating Change Strategies

In this section, the respondents were asked to point out if there is adequate communication of strategic change to the staff. They indicated that even though there was communication, it was rarely sufficient.

The study asked the respondents to state several ways in which strategy implementation is communicated to the staffs in NCWSC. Several ways were cited such as; through electronic mails; Annual General Meetings (AGM); through circulars and notice board; weekly staff meetings; trainings/workshops; Company publications (bulletins, memos and newsletters).

Further, the respondents were asked to indicate how communication describes NCWSC in strategic change management. The respondents argued that communication will educate the staffs on the direction, expectations and the need for strategy implementation. They reiterated that in NCWSC there is uniform communication of organizational change to all levels in a timely fashion, which enhances strategic change. The way in which a strategy is presented to employees is of great influence to their acceptance of it as there is normally a two-way communication patterns that permits and solicits questions from employees about issues regarding the formulated change. This ensures an all-inclusive approach, which incorporates views from everyone in the company.

The respondents were required to suggest ways in which communication can be improved to enhance strategic management in NCWSC. Several measures were cited; such as; creating an effective feedback mechanism; creating interactive forums involving staffs in various departments; creating and enhancing departmental objectives; creating departmental

dockets for employees as the change agents; enhancing monitoring and evaluation on medias of strategic change communication; embracement of technology; emphasizing on time plans; emphasizing on employee networks; and conducting regular meetings to create awareness on change and flow of information.

4.7 Tactical Feedback

The study asked the respondents to state if they receive constant feedback on strategy management process in NCWSC. They stated that though they received, it was done occasionally.

In addition, the study required the respondents to indicate how the organization respond to the feedback received. They stated that the organization continuously review its strategy, it acknowledges the strategic management process. This provides an approach where the employees are the ones who implement the strategy while manager manages the process. The respondents were also required to suggest ways in which tactical feedback can be improved to enhance strategic management in NCWSC. They indicated several measures such as; enhancing effective communication; involving all the stakeholders; supporting the process through provision of resources; setting timely feedback period as well as through monitoring and evaluation of the process.

4.8 Resistance to Change

The study asked the respondents if there has been resistance to change in NCWSC. From the findings, they all agreed. The study also required the respondents to indicate what motivates employees to resist change in NCWSC. They cited that inadequate knowledge, poor

communication, job insecurity, and self-parochial interest. Resistance in NCWSC also happens because change threatens the status quo or increases the fear of and anxiety about real or imagined consequences. In addition, it occurs due to experiences toward those leading the change and when employees have different understandings or assessments of the situation; or in an effort to protect established social relations threatened.

The respondents were requested to state why employees in NCWSC may react negatively to change. There were numerous reasons that were provided: Lack of equity and fairness; security (a concern about job loss through a reduction in force or automation); concern about loss of money through a reduction in salary, pay, benefits, or overtime; concern that a new boss will replace confidence and personal freedom with closer supervision that provides less opportunity for decision-making; authority (concern about a loss of power and authority over other people because of re-organization takes place or a new boss.

The study asked the respondents to cite suggest several ways in which the management can alleviate employee's resistance in order to ensure effective strategic change management. The noted that the organization can alleviate this by involving all staffs in decision-making process; enhanced communication; enhancing equity and fairness; trainings. Participation was cited by most of the respondents as the most efficient technique for reducing resistance to change. Allowing affected employees to participate in both the planning and implementation of change contribute to greater identification with the need for and understanding of the goals of the strategy. This would also enhance negotiation if a few important resisters are identified. It may be possible to offer incentives to resisters to gain their support. Furthermore, information provided during the implementation can be used to

build support for a strategy that is succeeding or to re-direct efforts in implementing a strategy that is not meeting expectations.

4.9 Discussion

From the findings, organizational culture is supportive of strategy implementation in Nairobi City Water and Sewerage Company as evidenced by positive attitude towards change and the customer focused perceptions of the staffs. Heracleous (2000) refers to organizational culture as the epicenter of change. In addition, mutual interactions of the staff was cited to playing different roles in a collective system calls for mutual co-operative behavior; the culture sets the norms for the whole organization and provides a sense of direction which governs how to behave, what to do, where to place organizational priorities.

Several measures were noted on how top management commitment has enhanced management of strategic change in NCWSC. Organizing seminars on specific programs; provision of financial support; devising and supporting policies on strategy implementation; communicating changes to all the staffs as well as appointment of competent staffs. Bhambri and Sonnenfeld (1988), claims that for change management to be successful, the organization and its culture must move from this sense of loss to one of commitment to the new behaviors, attitudes, values and beliefs.

From the findings, top managers in NCWSC demonstrate willingness to give energy and loyalty to the change management process and are accountable for the implementation of the decisions in strategic management. Foster and Browne (2006), recognize the role of middle

managers, arguing they are the “key actors” “who have a pivotal role in strategic communication”.

The respondents indicated that the organization vision and strategies are clearly understood by all groups/staff/departments. The human resource in NCWSC effectively align individual and team goals to organization overall objectives. The resources are adequately and properly allocated to achieve long-term objectives of the organization. The organizational vision and strategies positively influences strategic change management since they are articulated to focus on the future of the organization.

There is constant feedback on strategy management process in NCWSC. The organization continuously reviews its strategy, as well as acknowledges the strategic management process. (Aaltonen et al., 2002) argues that understanding the message is not enough though to make the employees function in accordance with the strategy, the strategic messages should be accepted and adopted as well. In NCWSC, this provides an approach where the employees are the ones who implement the strategy while manager manages the process.

In NCWSC, there exists consistent communication of organizational change to every level in a timely manner, which enhances strategic change. Communication aspects should be emphasized in strategic change management process. Even though studies point out that communication is a key success factor within strategy implementation (Peng and Litteljohn, 2001), The manner in which strategies are presented to employees in NCWSC greatly influence their recognition and acceptance. This ensures an all-inclusive approach, which incorporates views from everyone in the company. From the findings, inadequate

knowledge, poor communication, job insecurity, and self-parochial interest motivates employees to resist change in NCWSC.

Brower and Abolafia (1995) defined resistance as a particular kind of action or inaction, while Ashforth and Mael (1998) defined it as intentional acts of commission (defiance) or omission. From the findings, inadequate knowledge, poor communication, job insecurity, and self-parochial interest are the kinds of resistance experienced in NWCSC. Resistance in NCWSC also happens because change threatens the status quo or increases the fear of and anxiety about real or imagined consequences. Maurer (1996) indicated that half to two-thirds of all major corporate change efforts fail and resistance is the little-recognized but critically important contributor to that failure. Resistance in NWCSC occurs due to experiences toward those leading the change and when employees have different understandings or assessments of the situation; or in an effort to protect established social relations threatened.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary, conclusion and recommendations of the study. The objective of the study was to establish challenges of managing strategic change at Nairobi City Water and Sewerage Company.

5.2 Summary of Findings

From the findings, organizational culture is supportive of strategy implementation in Nairobi City Water and Sewerage Company as evidenced by positive attitude towards change and the customer focused perceptions of the staffs. In addition, mutual interactions of the staff was cited to playing different roles in a collective system calls for mutual co-operative behavior; the culture sets the norms for the whole organization and provides a sense of direction which governs how to behave, what to do, where to place organizational priorities. In addition, the management patterns in NCWSC set the "tone" of the organization, establish the rhythm for operation, influence the process of decision-making, and create action impulses. Organizational culture has enhanced linkage of values to strategic change; improved operations towards attainment of goals. The findings indicated that NCWSC have a strong corporate culture that ensures complete involvement of staff in the management of strategic change.

From the findings, failure of customers and staff to appreciate change, lack of understanding of strategy implementation, failure to recognize and implement changes, corruption and incompetence, political interference, fear of displacement/ self-parochial interest as well as

resistance to change from the employees are the obstacles in managing strategic change in NCWSC.

The findings also indicated that organizing seminars on specific programs; providing of financial support; devising and supporting policies on strategy implementation; communicating changes to all the staff as well as appointment of competent staffs enhanced management of strategic change in NCWSC. The top managers in NCWSC reveal readiness to offer vigor and loyalty to the change management process and are accountable for the implementation of the decisions in strategic management.

The results also indicated that the organizational vision and strategies are clearly understood by all groups/staff/departments. The human resource department in NCWSC efficiently supports individual and team goals to organization's overall objectives. The resources are adequately and properly allocated to attain long-term objectives of the organization. The organization's vision and strategies completely influences strategic change management since they are articulated to focus on the future of the organization. They also enhance the organization's efficiency since they are clear and integrate the values, beliefs and perceptions of the organization.

From the findings, strategy implementation is communicated through electronic mails; Annual General Meetings (AGM); through circulars and notice boards; weekly staff meetings; trainings/workshops; Company publications (bulletins, memos and newsletters). Communication will teach the staffs on the direction, expectations and the need for strategy implementation. In NCWSC, there exists consistent communication of organizational

change to every level in a timely manner, which enhances strategic change. The manner in which strategies are presented to employees greatly influence their recognition and acceptance. This ensures an all-inclusive approach, which incorporates views from everyone in the company.

There is constant feedback on strategy management process in NCWSC. The organization continuously reviews its strategy, as well as acknowledges the strategic management process. This provides an approach where the employees are the ones who implement the strategy while manager manages the process.

From the findings, inadequate knowledge, poor communication, job insecurity, and self-parochial interest motivates employees to resist change in NCWSC. In addition, resistance occurs due to experiences toward those leading the change and when employees have different understandings or assessments of the situation; or in an effort to protect established social relations threatened. From the findings, lack of equity and fairness; insecurity; fear to lose salary, pay, benefits, or overtime; drive employees in NCWSC to react negatively to change.

5.3 Conclusion

Based on the findings, the study concluded that organizational culture greatly influences strategy implementation. This is exhibited through linkage of values to strategic change; improved operations towards attainment of goals; affirmative attitude towards change and the customer-focused discernment of the all staffs. In addition, organizational culture enhances mutual interactions of the staff; the culture gives logic of direction, which directs the performance of organizational based on the priorities. The management patterns in

NCWSC influence the process of decision-making, and create action impulses. However, failure of customers and staff to appreciate change; low understanding of strategy implementation; failure to recognize and implement changes, corruption and incompetence, fear of displacement/ self-parochial interest as well as resistance to change from the employees are the obstacles that halts management of strategic change.

Largely, the top management level commitment influences strategy implementation. As evident from the findings, the top managers in NCWSC reveal readiness to offer vigor and loyalty to the change management process and are accountable for the implementation of the decisions in strategic management. They also provide financial support; plan and supporting policies on strategy implementation; communicating changes to all the staffs as well as appointment of competent staffs in the organization.

The study concludes that clear understanding of the organizational vision and strategies by staffs enhances strategy implementation. The organization's vision and strategies are articulated to focus on the future of the organization. They also enhance the organization's efficiency as they integrate the values, beliefs and perceptions of the organization. The study further concludes that clear communication of strategy enhances the implementation process. As shown earlier, there exists consistent communication of organizational change to each level in NCWSC. This ensures a comprehensive approach, which incorporates views from everyone in the company.

In conclusion, there is a steady feedback on strategy management process in NCWSC. The organization incessantly reviews its strategy, as well as acknowledges the process, thus

providing basis where the employees are the ones who implement the strategy while manager manages the process.

As a whole inadequate knowledge, poor communication, job insecurity, and self-parochial interest motivate employees to resist change. Resistance occurs due to experiences toward those leading the change and when employees have different understandings or assessments of the situation; or in an effort to protect threatened social relations.

5.4 Recommendations

From the findings, it is recommended that several measures that NCWSC should adopt in order to counter challenges encountered due to organizational culture during management of strategic change management. The organization should adopt continuous staff training and create awareness; enhance a sustainable change implementation plan; hire competent managers; eliminate nepotism; create staff empowerment and rewarding; enhance job rotation as well as set and review organizational goals.

In order to improve the level of the top management involved in managing strategic change in NCWSC, several strategies should be adopted. The organization should uphold training on corporate governance, and management development; provide more resources in the strategy management process. In addition, the management should be sensitized on their organizational roles and evade political influence. The management should be fully involved in setting the objectives according to the needs required.

In enhancing the match between organizational vision and strategies and strategic change in NCWSC the study recommends a number of strategies; such as devising a clear

implementation plan with continuous monitoring and evaluation; enhancing awareness and provision of adequate human resource support; as well as comprehensible communication of vision and strategies.

Further, creating an effective feedback mechanism; interactive forums; enhancing departmental objectives; monitoring and evaluation on medias of strategic change communication; embracement of technology; emphasizing on time plans; emphasizing on employee networks; and conducting regular meetings to create awareness on change and flow of information should be adopted in NCWSC in order to improve communication. Tactical feedback in NCWSC can be enhanced through effective communication; involving all the stakeholders; supporting the process through provision of resources; setting timely feedback period as well as through monitoring and evaluation of the process.

The study recommends the adoption of other measures to alleviate employee's resistance. This is by involving all staff in decision-making process to allow identification with the need for and understanding of the goals of the strategy. This would also improve negotiation if a few important resistors are identified. Besides, information provided during the implementation can be used to build support for a strategy that is succeeding or to re-direct efforts in implementing a strategy that is not meeting expectations.

5.5 Limitations of the Study

The limitations in the research study emerged from bureaucracy tasks involved. Numerous approvals had to be made for approval to conduct the study. The respondents also had demanding schedules thus challenging data collection exercise. This was especially because

the primary manner of collection was through open ended interview hence the need to keep adjusting interview dates.

Another limitation, of the study is that the study did not consider some characteristics of those responsible for strategic change in NCWSC. The traits (Age, experience and the nature of their studies) could influence strategic management and organization performance.

Finally , due to the varied nature of the responses from open ended interviews, content analysis was used in data analysis, this technique was time consuming. However, the researcher did look out for contraindications in the information given and no discrepancies were found.

5.6 Suggestions for Further Research

The study focused on challenges of managing strategic change at the Nairobi City Water and Sewarage Company (NCWSC). The study recommends more research on factors affecting strategic change at NCWSC. This will allow detection of critical success factors that can aid in enhancing strategic change in the organization.

The study also did not look into the how the strategic change adopted by NCWSC have contributed to the entire organizational performance and customer satisfaction. Further research is therefore recommended on how strategic change adopted by NCWSC has contributed to performance and customer satisfaction.

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APPENDICES

APPENDIX: Interview Schedule

PART ONE: General Information

1. Kindly indicate the department and position you are working in.
2. How long have you worked in this organization?
3. What is your highest level of education?
4. Is there strategic changes adopted by your organization for the last two years?

PART TWO: Organizational Culture

1. Is the organizational culture supportive of strategy implementation?
2. What are the obstacles encountered in managing strategic change within your organization?
3. How does organizational culture enhance management of the strategic change in your organization?
4. What should it be done to ensure that challenges encountered because of organizational culture during management of strategic change management are well managed?

PART THREE: Top Management Commitment to Change

1. Do you consider the support offered by departmental/program managers adequate?
2. How does top management commitment enhance management of strategic change?

3. What would you suggest to be done in order to improve the level of the top management involved in managing strategic change?

PART FOUR: Organizational Vision and Strategies

1. Do you think organizational vision and strategies influences strategic change management in your organization?
2. How does organizational vision and strategies enhance managing strategic change in your organization?
3. In your own opinion what should it be done to tally organizational vision and strategies with the strategic change?

PART FIVE: Communicating of Change Strategies

1. Is there adequate communication of strategic change to the staff?
2. How is strategy implementation communicated to staff?
3. How does communication describe your organization in strategic change management?
4. Suggest ways in which communication can be improved to enhance strategic management.

PART SIX: Tactical Feedback

1. Do you receive constant feedback on strategy management process?
2. How does organization respond to the feedback received?
3. Suggest ways in which tactical feedback should be improved in order to ensure effective strategic management.

PART SEVEN: Resistance to Change

1. Has there been resistance to change in your organization?
2. What motivates employees to resistance to change?
3. Give the various reasons why employees may react negatively to change.
4. Suggest ways in which the management can alleviate employee's resistance in order to ensure effective strategic change management.

THANK YOU FOR YOUR COORPERATION!!!!!!!!!!!!!!