

**MANAGEMENT OF STRATEGIC CHANGE AT RUBIS ENERGY
KENYA PLC**

OWINO KEVIN ODHIAMBO

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DECLARATION

This research project is my original work and has never been submitted to The University of Nairobi or any other Institution/University for the award of Degree, Diploma or Certificate.

Signed: 

Date: 01/09/2022

Owino Kevin Odhiambo

D61/28965/2019

SUPERVISOR APPROVAL

This Research Project has been submitted for examination with my approval as the University Supervisor.

Signed: 

Date:01/09/2022

Prof. Martin Ogutu

Department of Business Administration

Faculty of Business and Management Sciences

University of Nairobi

DEDICATION

This research project is dedicated to my sister, The Late Maureen Achieng' Owino for your constant and unrelenting support in my academics and well-being. May you rest in peace and love of Christ!

To my loving family, thank you for your unwavering support and inspiration throughout my studies.

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ABBREVIATIONS & ACRONYMS

EPRA	Energy & Petroleum Regulatory Authority
KPC	Kenya Pipeline Corporation
LPG	Liquified Petroleum Gas
M&E	Monitoring & Evaluation
OMC	Oil Marketing Company
OTS	Open Tender System
PIEA	Petroleum Institute of East Africa
RBV	Resource-Based View
REK	RUBiS Energy Kenya
VRIN	Valuable, Rare, Inimitable and Non-substitutable

ABSTRACT

Change is a constant in the life of an organization. To keep up with the turbulent and dynamic environment, organizations need to monitor and execute changes impacting their processes, people and products in order to adapt to the ever-changing business environment (Strategic fit). Their survival and performance is largely dependent on how they manage and adapt to the changes. Management of strategic change entails attaining desired change outcomes within the organization by managing the human side of the change process through adoption of coherent and extensive strategy. REK Plc has undergone numerous strategic changes which include acquisition and merger of KenolKobil Plc and Gulf Energy Holdings Ltd, rebranding of KenolKobil and Gulf Energy Holdings branded service stations to the RUBiS brand, organizational restructuring, Cultural change initiative and top leadership change. This research study sought to establish how REK Plc manages its strategic changes. The study was predicated by dynamic capability theory and supported by resource-based view theory and Lippitt's seven-phase model of planned change. The study adopted case study design and relied on both primary and secondary data. Primary data was collected using interview/discussion guide where four senior managers at REK Plc were interviewed. Secondary data was obtained from relevant websites, library databases and reports. Data collected was qualitative in nature and was analyzed using content analysis technique that provided for the examination of pertinent themes, contents and concepts relevant to the study and inferences made thereof. The research study established that REK Plc had adopted numerous change management practices which included strategic leadership, open and relentless communication, employees and key stakeholders engagement/involvement and management, use of an experienced change management consultant and adoption of values-based organizational culture. The study further predicated that the organization had embraced organizational learning and innovation as a ploy to out-think their competitors and attain competitive advantage. The study recommends that REK Plc should monitor and evaluate its strategic changes continuously to align strategic results to the expected strategic outcomes and translate its identified values into behaviours and attitudes that its employees should embody/typify to enhance the capacity of the organization to thrive. Moreover, the study recommends that REK Plc should leverage on learning and innovation to enhance their agility, spur ideas and innovations as a retort to the increasingly unpredictable and dynamic environment. Finally, the study suggests that further research should be carried out at REK Plc post 2023 to contextualize how the organization manages its strategic changes and validate the findings of this study.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organizations are open systems whose survival and prosperity are largely influenced and dependent on the strategic alignment and fit between a firm's strategies and the external environment. According to Miles & Snow (1984), strategic fit refers to the alignment of the internal features of a firm to the external environment. The strategic fit between the external and internal environments enhances a firm's effectiveness and performance. In this endeavor, the main goal of organizations' strategic response to the environment is to take advantage of opportunities whilst reducing/mitigating threats (Johnson et al., 2012).

In the management of strategic change, organizational leadership formulate strategies through strategic thinking and subsequently implement them through alignment of internal aspects of the firm to the external environment through the intended strategy. According to Balogun et al. (2020), strategic change refers to the magnitude in alteration of strategy, structure, and culture of a firm and involves the remodeling of the purpose, goals and mission of the firm as a retort to environmental threats and opportunities. Burnes (2004) views change as a constant aspect in the life of an organization and the ability of a firm to manage change determines its performance and success.

This research was grounded/anchored on dynamic capability theory and supported by resource-based view (RBV) theory and Lippitt's seven-phase model of planned change. Balogun et al. (2020) define dynamic capability as the ability of an organization to reconfigure existing processes by creating new ones to deliver a competitive advantage.

A firm's competitive advantage rests on the distinct processes modeled by the firm's asset portfolio and the path adopted (Teece et al., 1997). Similarly, Kay (1993) asserts that a firm's competitiveness is not only dependent on its strategic plan but rather on the strength and uniqueness of its capabilities.

RBV theory as propagated by Wernerfelt (1984) focused on the vital link between an organization's performance and the resources it controls to achieve competitiveness. According to Acedo et al. (2006), competitiveness entails the deployment of unique and superior resources as opposed to product positioning or tactical maneuvering. These resources include intangible resources such as brands, patents and capabilities such as aptitude, knowledge and skills and tangible resources such as equipment and plants (Wernerfelt, 1995).

Lippitt's model expanded Kurt Lewin's three-step model of (1) unfreezing, (2) moving and (3) refreezing to seven phases with specific change techniques. The seven phases include (1) identification of need for change, (2) development of change relationship, (3) determination of problem, (4) formulation of intentions and goals, (5) change implementation, (6) stabilization and generalization of change, and (7) attainment of terminal relationship. Lippitt et al. (1958) further predicated that management of strategic change can only be effective and successful when there is an appropriate relationship between the change managers and those directly affected by the change.

1.1.1 Management of Strategic Change

Organizations are changing in a fundamental way and at a faster rate than previously witnessed (McKinsey & Company, 2008). These unprecedented changes are posing

myriads of challenges in the formulation of appropriate strategies and approaches to manage these changes. According to Mintzberg et al. (2003), a serious change involves a total change in the organization and its strategy from highly conceptual to concrete, formally as well as informally.

According to Balogun et al. (2020), strategic change refers to magnitude in alteration of strategy, structure and culture of an organization and is context specific. The people within an organization need to change for the organization to realize meaningful change. There are four generic types of strategic change which determine management of the change process along two axes namely outcome (extent) of change and type (nature) of change (Balogun & Hailey, 1999). The outcome of change details the extent of change which can either be transformation or realignment. Transformation involves shift/change in the culture and structure of the organization while realignment involves adjustment of current processes, systems and culture of the organization (Balogun et al., 2020). Nature of change refers to how change is implemented within a given period and can either be big-bang (all at once) or incremental (step by step).

The four generic categories of strategic change include reconstruction, adaptation, revolution, and evolution. Adaptation is a change that is less elementary and implemented gradually while reconstruction is undertaken to realign the operations of an organization but implemented in a much dramatic and faster pace/fashion. Evolution is transformative change in nature implemented gradually through a series of stages in response to the anticipated future need for change while revolution is a transformational and fundamental change that occurs concomitantly on many fronts but over a short period.

Baker (2007) defines change management as a technique/process used to manage/control the human side of the process of change aimed at attaining the desired outcomes and to achieve change effectively within the organization. It is a series of activities that help in attaining some desired enhancement or improvement to the organization. Baker (2007) further posits that extensive and coherent strategy is vital for successful change to occur in any organization as a properly designed change process provides a road map that helps in the identification of desired changes, implementation speed, the priority order for their implementation, threats and opportunities.

In the management of strategic change, the role of leadership is to create an environment where the organization can adjust to the ever-changing environment and flourish. Leaders' ought to be managers providing leadership that focuses on the strategic direction, inspiration and change/dynamism balanced by management that focuses on systematic execution and attainment of plans (Baker, 2007). Finally, Bolden (2004) reaffirms the need for organizations to embrace and recruit leader-managers with the ability to embrace their roles holistically as they provide the foci needed for change.

1.1.2 Petroleum and Gas Industry in Kenya

Kenya imports refined petroleum products through the open tender system (OTS). The OTS supply framework involves monthly tenders where the petroleum products are sourced from the same market by the most competitive oil marketing company (OMC) on behalf of the other industry players and shared amongst all the OMCs based on market share and ullage. The product is stored and transported through the Kenya Pipeline Corporation (KPC) infrastructure to Nairobi and Western Kenya (Nakuru, Eldoret & Kisumu). Energy and Petroleum Regulatory Authority (EPRA) undertakes pricing of

petroleum products as per Energy (Petroleum Pricing) Regulations 2010 based on the landed cost of imported petroleum product, storage and distribution, margins, taxes and levies and price stabilization/subsidy (If applicable). However, the price of liquefied petroleum gas (LPG) is not regulated and varies from one player to the other.

The petroleum and gas industry in Kenya is very competitive with more than 80 active oil marketing firms. According to the Petroleum Institute of East Africa (2021), the petroleum industry in Kenya is largely dominated by four foreign multinational firms which control more than 50% of the market share. They include Vivo Energy Kenya (21.7%), TotalEnergies Marketing Kenya Plc (16.4%), RUBiS Energy Kenya (REK Plc) Plc (11.3%) and Ola Energy (6.7%). The competition in the industry is driven by the OTS framework that ensures that all OMC's receive petroleum products at the same price rendering use of pricing as a source of competitive advantage less effective giving rise to innovation and diversification.

1.1.3 RUBiS Energy Kenya

RUBiS Energie S.A.S France acquired KenolKobil Plc in early 2019 as part of its market entry strategy in East Africa. In late 2019, KenolKobil Plc acquired Gulf Energy Holdings Ltd to solidify its position within the industry. In 2020, KenolKobil was rebranded to REK Plc with Gulf Energy Holdings Ltd being its subsidiary. Moreover, the company embarked on an aggressive plan of rebranding all its service stations from KenolKobil and Gulf Energy brands to the RUBiS brand and will be concluded in 2023.

REK Plc is a leading oil marketing company in Kenya that trades in refined petroleum products, lubricants, LPG and other various specialist oils. REK Plc is an affiliate of

RUBiS Energie S.A.S, a company listed on the Paris Stock Exchange, France. RUBiS Energie is a French oil marketing multinational that specializes in the distribution of petroleum products, support services and storage. Currently, REK Plc has more than 200 service stations spread across the country within its retail network.

1.2 Research Problem

Strategic interventions are critical for the growth and survival of an organization. According to Hayes (2014), strategic interventions connect the internal functions of a firm with the external environment aimed at aligning strategy with the culture of the organization and extrinsic environment. Hayes (2014) further asserts that acquisitions and mergers are strategic interventions that combine distinct organizations to form ‘new organizations’ resulting in value-add synergistic effects such as economies of scale, financial capability and market penetration.

OMCs in Kenya operate in a dynamic environment characterized by stiff competition and volatility in global oil prices owing to their oscillatory nature and pricing controls by EPRA. This, therefore, forces the OMCs to adopt appropriate strategies to retort to the challenges in the external environment coupled with the objective of maximizing the wealth of the shareholders hence the need for organizational alignment to the external environment for survival and competitive advantage. REK Plc has undergone through numerous strategic changes such as rebranding, top leadership changes, corporate restructuring and cultural change initiative aimed at enhancing organizational growth and survival in the long-term thus forming the premise to research on the management of strategic change in this new entity.

Several studies on the management of strategic change on different organizations have been carried out locally and internationally. Odida (2011) conducted a study on the downstream petroleum sector in Kenya aimed at exploring strategic change management practices adopted. The study adopted a survey research design with the use of a questionnaire in data collection. The results from the study established that middle-level management were the most dominant change leaders as opposed to the top management. In his research, Utu (2018) carried out a study on competitive advantage and strategic change management practices adopted by Safaricom Plc. Case study design was adopted with the use of content analysis. The research revealed that while a good strategy is paramount to attain a competitive position, deployment of resources, capabilities and best practices present the greatest challenge in the organization's pursuit in moving to the desired position/level.

On the international front, Jacobs et al. (2013) did a study on the theoretical framework necessary for organizational change. The study adopted cross-sectional design in the analysis of organizational change in Police Organizations in multiple countries within the European Union. The study developed thirteen propositions of key insights to be explored in future research. The study findings revealed the risky nature of organizational change and stressed the impact of a strategic misfit as a trigger for change and the contingency perspective in change management.

In their research, Price & Chahal (2006) looked at the strategic framework for change management and developed six steps that can be adopted during a change process. The steps include organizational preparation, vision development and implementation framework, review of plan/framework, engaging workforce and communication,

implementation and finally evaluation. The study adopted exploratory interviews and case studies in the development of a framework for the management of strategic change.

From the foregoing, it is evident that some studies have been carried out in the management of strategic change. However, no study has been done to research on the management of strategic change for acquisition and merger in the petroleum and gas industry. This, therefore, presented a research gap that ought to be filled to establish how REK Plc manages its strategic changes. Therefore, the ensuing question is hatched: What are the strategic change management practices at RUBiS Energy Kenya Plc?

1.3 Research Objective

The objective of this study was to establish how RUBiS Energy Kenya was managing its strategic changes.

1.4 Value of the Study

The outcome/result of this research would be of great substance to academia, stakeholders, and policymakers. To academia, the study findings would contribute to the requisite body of knowledge and provide the basis for further research in the management of strategic change. In addition, the findings of the study would equip scholars with requisite knowledge on the strategic interventions that can be adopted to manage strategic changes.

The findings of this study would be of great substance to stakeholders in the petroleum & gas industry in Kenya. It will bestow the stakeholders with the requisite insights and knowledge in the administration of strategic thinking to the management of strategic

changes. In addition, it will help in aligning and adapting organizations to the environment for enhanced performance.

Finally, the findings of the study would be of utility to the government and policymakers in providing the framework for policy interventions in the petroleum and gas industry. The findings would provide the basis for formulation of policies and regulations in the context of mergers and acquisitions in various industries by government agencies such as Competition Authority of Kenya.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter focuses on the theories and concepts related to the management of strategic change practices based on previous studies by different scholars.

2.2 Theoretical Foundation of the Study

This study was premised on dynamic capability theory and supported by resource-based view theory and Lippitt's Seven Phase model of planned change.

2.2.1 Dynamic Capability Theory

According to Johnson et al., (2020), dynamic capabilities refer to an organization's capacity to revitalize and rejuvenate its distinct capabilities and resources as a retort to the dynamic environmental needs for survival and competitive advantage. In this regard, dynamic capability seeks to develop, modify or extend a firm's capabilities to respond to strategic change. However, Johnson et al., (2020) cautions that over time, dynamic capabilities can be imitated by other industry players rendering them redundant owing to environmental changes.

According to Teece (2017), the framework for dynamic capabilities was developed to assist firms in the prioritization and organization of the endless flowing information streams that deluge managers in their pursuit of designing and developing competitive advantage whose goal is long term 'evolutionary fitness'. In this pursuit, the firm must develop an agile framework to effectively and rapidly respond to environmental opportunities and threats (Teece et al., 1997).

This theory provided the basis for evaluating the need for agility for firms in the highly complex, uncertain and ambiguous business environment. It helps organizations during strategic changes by developing agility through strategic fit by aligning the firm to the external environment.

2.2.2 Resource-Based View Theory

Penrose (1959) in her classic *The Theory of the Growth of the Firm* advanced the idea of examining firms within the broader context of resources. This theory posits that a firm's resources have major impact on its sustainability in the long term. Wernerfelt (1984) asserted that by acting rationally, resource holders can maintain a comparative position in relation to other resource holders by originating a situation where it makes it arduous and onerous for the competitors to level up. This can be looked at in terms of the competitive advantage the firm enjoys from its sturdy position in the respective industry owing to the resource position barrier.

According to Johnson et al. (2020), researchers in this field primarily focus on a firm's internal dynamics/context and the unique features of each firm that contribute to its competitive advantage and survival in the long term. However, of importance is how a firm deploys its distinct resources for survival in the long term (Johnson et al., 2020). In addition, Kay (1993) opined that architecture, reputation, strategic assets and innovation are the four key pillars that define an organization's distinctive resources and capabilities.

Priem and Butler (2001) argue that this theory lacks significant managerial involvement/inference or functional validity. RBV underscores the role of managers in the development of inimitable, rare, non-substitutable and valuable (VRIN) resources

whilst implicit in the process of developing strategic assets and renders it impossible to ascertain priori whether an asset would become a strategic asset in the future (Connor, 2002).

This study employed the use of RBV theory to emphasize the role that resources play in enhancing performance and leveraging competitive advantage in a competitive environment. Moreover, it provided the foci needed for development of competitive advantage during management of strategic change by organizations through resource optimization.

2.2.3 Lippitt's Seven Phase Model of Planned Change

Lippitt's Seven Step Model of Planned Change was developed by Ronald Lippitt alongside his colleagues Bruce Westley and Jeanne Watson in their book *The Dynamics of Planned Change* in 1958. Lippitt's model built on and expanded Kurt Lewin's three-step model of (1) unfreezing, (2) moving and (3) refreezing to seven phases with specific change techniques. This model posits that the terminal relationship must be carefully managed to maintain the optimum momentum for change and mutuality of the change relationship (Szabla et al., 2017).

Lehman (2008) avers that this model contributes to the management of strategic change by emphasizing objective planning, involvement of stakeholders affected by the change, formalization of change through policies and instituting feedback mechanisms. However, Kritsonis (2005) argues that the model places a lot of prominence on the role of the agent of change rather than the progression of the change initiative.

Lippitt's model is of great utility to this study as it provided the framework for guiding managers and or change management consultant (s) in the management of strategic change. It also emphasizes the role and participation of those affected by the planned change to mitigate against resistance.

2.3 Management of Strategic Change

According to Kotter (2012), the direction and trajectory of change are determined by the senior managers in a *directive-coercive* way while implementation is carried out by empowered employees and managers in various cadres in a *collaborative-consultative* way. The appropriateness and choice of change approaches differ and are contingent on whether it is deemed peripheral or central to the purpose of the organization (Boddy & Buchanan, 1992). However, Burnes & Jackson (2011) postulated that the appropriateness of strategic change approach is related to the current cultural entropy of the firm hence firms with cultures that embody participation would adopt consultative and collaborative approaches while those with cultures that embody control and command would find it effective to adopt coercive and directive approaches.

In this regard, Allaire & Firsirotu (1984) opined that organizational culture and organizational structure have a strong relationship hence change in one component may necessitate a change in the other component with change in structure being quicker and easier as compared to culture change. Culture change is a slow deliberate process that entails gradual changes to the human aspect of the organization and for effectiveness, it is likely to adopt a collaborative and participative approach. Structural change may be rapid and entail some consultation with coercive and directive approaches being employed by the management. In addition, Oreg et al. (2009) argue that when the change process is

deemed supportive and participative, spearheaded by competent managers with open communication channels, there is a high likelihood of employees embracing the change.

According to Barrett (2006), most successful mergers occur between firms with homogenous values and degree of institutional consciousness. Value-based organizational culture exhibits a low degree of entropy and emerges from visionary, inspirational and value-driven leadership that leads to high organizational performance. This is achieved through linking culture to the performance of employees and diligently managing cultural capital. Moreover, firms through their leadership need to underscore the need for collective and individual values in the pursuit of building value-based organizations and embrace values management (Barrett, 2006).

Leadership is considered the fundamental enabler of change management and focuses on the development of an environment that will enable the organization to flourish and adapt (Hayes, 2014). Leadership aligns people in the organization towards the attainment of the vision, inspires and motivates them by appealing to their values, emotions and needs. According to Burnes (2017), leadership and management functions need transactional-transformational skills to match the ever-changing organizational needs. It is widely argued that management is largely concerned with maintaining the present state of affairs whereas leadership aims at driving change (Kotter, 2012). Kotter (2012) further opines that a successful change process is 70% - 90% leadership and 10% - 30% management and finally postulates the dual responsibility of managers (manager – leader) hence managers ought to provide leadership for the success of the strategic change process in an organization. Vroom and Jago (1988) contend that managers should possess both

leadership and managerial skills (transactional-transformational) which they may trade in various situations.

Communication plays a key role in projecting an enticing future vision of the organization, motivating and inspiring internal and external stakeholders to embrace change by creating mutual understanding and providing feedback to sustain and validate the change process (Hayes, 2014). According to Allen et al. (2007), the top-down one-way method of communication is the main reason for uncertainty amongst employees during strategic change processes and further posits the need for two-way communication and its effectiveness. Upward communication (Bottom-up) is paramount as it provides managers/change agents with vital feedback and information on the change progress, perceptions and opportunity to clarify grey areas and concerns from stakeholders and subsequent development and implementation of plans to support the strategic change.

Employee engagement and participation in change management has been touted as one of the key drivers of successful change management. According to Hayes (2014), employee involvement and participation in change management creates motivation, excitement and shared insight exigency for the proposed change. In addition, there exists a positive correlation between involvement and participation of employees to the attainment of goals in change management and a negative correlation between participation and involvement and resistance (Lines, 2004). However, involvement and participation are time-consuming and the involvement of employees who lack the requisite expertise related to the required change may lead to the development of inappropriate change plans resulting in unintended organizational changes.

Stakeholders play a key role in the management of strategic change hence the need for the identification of key stakeholders who can shape and influence change management outcomes. Grundy (1998) propounded a stakeholder relationship management approach. It involves analysis of stakeholders to ascertain their influence, stance and opinion in relation to the intended change and the subsequent development of strategy aimed at enticing powerful stakeholders to embrace the intended change.

2.4 Empirical Studies and Research Gaps

Numerous studies on the management of strategic change on different organizations have been carried out locally and internationally. Odida (2011) conducted a study on the downstream petroleum sector in Kenya aimed at exploring strategic change management practices adopted. The study adopted a survey research design and data was collected with the use of a questionnaire. The results from the study established that middle-level management were the most dominant change leaders as opposed to the top management.

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From the foregoing, it is evident that some studies have been carried out in the management of strategic change. However, no study has been done to research on the management of strategic change for acquisition and merger in the petroleum and gas industry. This, therefore, presents a research gap that ought to be filled to establish how RUBiS Energy Kenya managed its strategic changes.

2.5 Chapter Summary

The theoretical foundations of the study included dynamic capability theory, RBV theory and Lippitt's model of planned change. These theories and model underscored the significance of organizational agility, strategic resources and capabilities, involvement of key stakeholder and use of an experienced change management consultant in the management strategic change. Moreover, the study explored various strategic change management practices such as strategic leadership, employee engagement and

participation, culture and values alignment, communication, and involvement of key stakeholders.

Numerous empirical studies have been conducted on the management of strategic change within the various sectors of the economy. Literature on management of strategic change was extensively reviewed and the results emphasized the need for organizations to align to the external environment (strategic fit). However, no study has been conducted locally in the context of acquisition and mergers in the petroleum and gas industry.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers the methodology that was adopted for the study. It provided a clear elucidation of the study approach and justification for the method adopted. The research methodology was underpinned on the objective This Chapter also details the research design, method for data collection and the technique adopted for data analysis. Moreover, justification for the research design, the method for data collection and technique for analysis of data was provided.

3.2 Research Design

According to Kothari (2004), research design refers to the planning of conditions necessary for the collection and subsequent analysis of data to combine importance with the purpose of research. In addition, it is a conceptual framework that guides research and constitutes a blueprint that outlines methods of data collection, measurement and analysis of data. This study will adopt a case study approach. Case study is a technique that aims at studying profundity as opposed to the breadth and involves complete and careful observation of a social unit (Kothari, 2004). Yin (2009) defines a case study as a strategy in research that entails empirical investigation of a contemporary event by adopting various methods of collecting data. Zikmund et al. (2013) opine that the case study technique/approach provides meticulous and an in-depth examination of an entity or entire organization to detail to obtain a clear view of a phenomenon/problem by examining it from numerous perspectives and angles employing multiple methods of data

collection thus forming the justification for the choice of the case study approach in this study.

3.3 Data Collection

The study hinged on primary and secondary data that was aimed at providing great data sources. Primary data is original and objective and involves the collection of data from etymology sources relevant to the objective of the study. Primary data was obtained through the use of a comprehensive discussion guide. The discussion/interview guide incorporated unstructured questions.

The interview guide was deemed appropriate as it allowed the researcher to apply probing techniques to obtain in-depth insight and information on the management of strategic change at RUBiS Energy Kenya Plc. The targeted interviewees were heads of the following departments: Procurement & Administration, Customer Relationship, Retail and Specialties. Secondary data was obtained from the RUBiS Energy Kenya website, RUBiS Energie France website, PIEA Reports, EPRA website, Ministry of Energy Kenya website and library databases.

3.4 Data analysis

The collected data was verified and edited for accuracy, consistency and completeness. The qualitative data collected was analyzed using content analysis. Content analysis refers to a technique adopted in research that entails logical analysis and observation aimed at decoding specific aspects of communication (Zikmund et al., 2013).

Cooper and Schindler (2014) opine that content analysis provides meticulous validity and reliability and follows a structured process drawing inferences from interview

guides/texts. The analysis involved examination of major content, themes and concepts pertinent to the management of strategic change at REK Plc. Finally, conclusion and recommendations were drawn from the interpretation of the data analyzed.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter covers and presents the analysis of data collected from interviewees, results and discussion of the findings of the study. The study aimed at establishing how RUBiS Energy Kenya manages its strategic changes. The study employed the use of interview guide with three sections: a) general information related to the interviewee, b) management of strategic change and c) challenges and approaches to management of strategic change.

This research focused on four key departments at RUBiS Energy Kenya Plc namely: a) Procurement and Administration, b) Specialties, c) Customer Relationship and d) Retail. The interviewees were the heads of departments premised on their roles in the merger, deeper understanding of the cultures of the two entities and the strategic nature of their roles in the organization. The interviewees had an average work experience within the two merged entities of 7 years. Therefore, the information collected during the study was deemed reliable.

4.2 Management of Strategic Change

This study sought to establish how RUBiS Energy Kenya Plc manages its strategic changes. The interviewees identified the following strategic changes that have occurred within the entity: (1) Acquisition and merger of KenolKobil Plc and Gulf Energy Holdings Ltd, (2) Rebranding of KenolKobil and Gulf Energy Holding branded service stations to the RUBiS brand, (3) Organizational restructuring, (4) Cultural change

initiative and (5) Top leadership change. The interviewees indicated that they had been actively involved either in the formulation, implementation and/or evaluation of the strategic changes.

The interviewees cited strategic leadership as the key driver of management of strategic change. This is attained through establishing of vision for the organization. Open and relentless communication aimed at balancing expectations through alignment of thought thus minimizing resistance to change was also cited as one of the practices that was adopted. Other practices include employee engagement/participation and stakeholder management aimed at identification and mapping of key stakeholders and subsequent development of targeted management and communication plan to avert and manage resistance to change. Culture and values were widely mentioned as they affect perception which influences behaviour. The level of cultural congruence between the merging entities is dependent on how the process of acquisition and merger was managed. The practices as applied by the organization have been extensively discussed hereunder.

4.2.1 Strategic Leadership

From the interviewees, it was predicated that the success of strategic change initiative in any organization is contingent on the leader's ability to create a vision for the organization, communicate the vision to employees and other key stakeholders and appropriately respond to feedback. The leader should communicate effectively and relentlessly to align all the key stakeholders to a clear and shared sense of direction by creating an enabling environment that supports and empowers the management and employees to implement change initiatives. During the change initiative implementation, leaders should walk the talk by sustaining change momentum through commitment,

adequate resource allocation and monitoring and evaluation of the change process to ensure that desired change is attained. The leadership of REK Plc inspired its employees to embrace the change by crafting the vision and mission that was relentlessly and effectively communicated to them through dialogue sessions and townhall meetings to examine the change and its impact.

The study established that the role of leadership is to clarify the vision, provide guidance and support while walking the talk to get buy-in of employees and other stakeholders to embrace the change and view it from a positive vantage point. In addition, leadership sets the tone from the top, allocates resources and provide sustenance to the change process. The study accentuated the need for open, honest and consistent communication to ensure all employees have a clear sense of direction of the change initiative through accountability, transparency and staying connected to the employees. In addition, the use of townhall meetings and forums to collect views from employees and stakeholders on their expectations have been touted as some of the best practices adopted to mitigate against resistance through information dissemination.

The interviewees also highlighted the impact and the role of an experienced change management consultant in crafting change strategy and guiding the change process. The change management consultant aided the process by providing a forum where employees could express themselves freely, providing professionalism and rich experience to the management of the change process, and acting as the knowledge transfer agent. In addition, use of an experienced and competent change agent enhances efficiency and effectiveness in the process owing to enhanced transparency, leads to elimination of bias with guaranteed trust in the change initiative.

4.2.2 Communication

The interviewees indicated that the outcome of a change initiative is largely dependent on the quality of communication. The channel adopted for communication should be fit for purpose to allow for downward-upward (directionality) communication. Strategic change is largely contingent on the level of interaction between the various stakeholders. Oftentimes, communication practices play a tremendous role in strategic changes owing to adoption of routine channels to disseminate information to various stakeholders such as general information meetings (townhall meetings) and small informal discussion groups (Focus groups). The interviewees underscored the significance of change leaders to continuously track and review the efficacy of their communication strategy in communicating the strategic change.

The interviewees also posited that effective communication during change process is a prerequisite for successful change implementation as it demonstrates respect through involvement of all stakeholders. Communication should be relentless, consistent, open/clear, deliberate and provide an opportunity for all stakeholders to participate as it sets and regulates the tone for change. Moreover, effective communication ensured that information was shared equally thus creating awareness, alignment to the business strategy, balancing expectations through alignment of thought thus minimizing resistance to change.

4.2.3 Employee Engagement and Participation

The study found out that REK Plc held townhall meetings with staff aimed at communicating change, focus groups for discussions and deliberations on the rationale for change and culture surveys that sought to identify, track and inform cultural shifts

required to attain organizational objectives. The study established that employee dialogue sessions played a pivotal role in building trust and inspired loyalty to the organization. Further, the interviewees accentuated that the change management consultant organized forums with employees to explain the rationale for change and the impact of the planned change on employees. This was aimed at minimizing the level of dispositional resistance to change through constructive engagements customized to the change context.

The interviewees posited that employee engagement and participation in the change initiative led to gradual and steady acceptance of the change process as they were better informed and provided candid feedback. Employee engagements also led to enhanced pace of the change process as the employees were empowered and provided with targeted dialogue sessions aimed at impacting their attitude and skills towards the new vision. It also provided an opportunity for the employees to review departmental processes and procedures and align them to the overall corporate strategy.

4.2.4 Key Stakeholder Involvement

The study established that key stakeholders were involved in the change initiative. This was aimed at creating reputational capital in order to leverage on the opportunities that may arise from the relationship. The opportunities come in the form of gains such as resources, improved performance and achieve competitive advantage. Both external and internal stakeholders were involved in the initiative which resulted to positive image of the company owing to improved service offering and satisfaction, increased reputational capital owing to dedicated employees and increased collaborations and strategic partnerships with other trading partners such as transporters, banks, dealers etc.

The interviewees predicated that it is important to carry out stakeholder analysis in order to ascertain their influence, power and attitude towards the anticipated change in order to develop a stakeholder management and communication plan. Stakeholder analysis should be a constant process as the influence, power and attitudes of stakeholders continue evolving rendering some if not all important or unimportant. Through this analysis, REK Plc was able to identify and map key stakeholders and subsequently developed targeted management and communication plan to avert and manage resistance to change. The interviewees listed the following as some of the key stakeholders: customers, government, employees, RUBiS Energie -France, landlords, dealers, transporters and suppliers

4.2.5 Culture and Values

From the interviewees, culture is deep rooted, shapes and defines behaviours hence a blueprint of behaviour and performance. A high-performance culture tends to demand for positive behaviour from the employees naturally resulting to high performance. Culture affects perception which in turn affects behaviour hence employees behave in line with their deeply held beliefs shaped by their culture/world view. Customer-centric culture focuses and places customers at the heart of operations and teams collaborate to meet the and exceed the needs of customers. However, the level of cultural congruence between the merging organizations is dependent on how the process of acquisition and merger is managed.

The study established that culture transformation led to definition of REK Plc values, principles and strategies which clarified the connectivity of vision-mission-objectives at an individual and corporate level clearly focused on high performance in a systematic

stepwise web. It resulted in the development of values and guiding principles that govern the organization with more focus on performance due to shared vision and an appreciation by each employee for their individual contribution to the performance of the organization. However, the change process is yet to be concluded.

The interviewees contended that value-driven culture enhances performance through the augmentation of desired values and suppression/elimination of the negative ones. This ensures alignment of synergistic efforts due to increased sense of belonging, enhanced performance due to clarity of responsibilities, appreciation of individual contribution to the attainment of organizational goals and adoption of principles to guide behaviour and decision making. Some of the values include innovation, sustainability, integrity, and trust.

4.3 Approaches and Challenges to Management of Strategic Change

The study sought to determine the challenges that RUBiS Energy Kenya Plc faced in managing its strategic changes. The interviewees indicated that lack of vision and mission, cultural differences/disparities and anxiety/uncertainty. Different policies and processes, mistrust and strategic misalignment were also cited as some of the challenges encountered during the merger between KenolKobil Plc and Gulf Energy Holdings Ltd.

The study revealed that the organization was restructured in terms of people, process, structure and technology. This involved assessment of the new organization in order to identify key areas of leverage, improvement and risks and subsequent development of solutions from the determination. On the people aspect, the business was remodeled in terms of the leadership, staffing and skillset level which culminated in a new

organogram, structure involved the alignment of the functional and business level to the overall corporate strategy, process entailed review and alignment of departmental processes and procedures through proper documentation and objectivity to enhance efficiency and effectiveness in operations and technology involved leveraging on innovation and automation of systems to deliver superior performance. The study also posited that REK Plc developed a communication plan, engaged a change management consultant, developed stakeholder management plan and leveraged on training/learning.

The interviewees indicated that organizational restructuring led to several changes in various aspects of the organization. They included departmental processes and procedures, culture, values, innovation and automation of systems. The restructuring led to a strategy shift with the introduction of new business units such as convenience outlets within the retail service stations (Diversification strategy). These outlets include the convenience stores (Enjoy) and restaurants (Under the Brioche franchise). The aim of the non-fuel offering is to increase traffic to the service stations by offering additional services and experiences to customers.

The study established that focused, purposeful and deliberate/intentional leadership to manage the change through resource allocation, clear vision, employee and key stakeholders' involvement, use of experienced change management consultant, continuous monitoring and evaluation, open and relentless communication are some of the key fundamental factors necessary for successful change implementation in the case of mergers and acquisitions. Other factors include adequate understanding and appreciation of the different cultures in the merging entities, value-based cultures, embracing best practices from each of the entities, common/new shared vision,

inclusivity in the change dialogue, and robust, continuous and tailored communication strategy.

4.4 Discussion of Results

The study predicated that the success of any strategic change process is primarily dependent on the leaderships' ability to create a vision, communicate and align all the key stakeholders to a clear and shared sense of direction by creating an enabling environment that supports and empowers the management and employees to implement change initiatives. Leaders should walk the talk by sustaining change momentum through commitment and adequate resource allocation in order to create an environment that supports the planned change. This is in tandem with Hayes (2014) who avers that leadership is a fundamental enabler of change management which focuses on the development of an environment that will enable the organization to flourish and adapt to the volatile and ever-changing environment.

The research findings posited that communication is key for the success of any change initiative. Effective communication ensures that information is shared equally thus creating awareness, alignment to the business strategy, balancing expectations through alignment of thought thus minimizing resistance to change. The adopted channel for communication should be fit for purpose and ought to support directional (downward-upward) communication as successful change implementation is primarily contingent on the level of interaction between the various stakeholders. These findings contend to the postulation of Allen et al. (2007) who contended that bottom-up communication is essential as it provides managers/change management consultants with vital feedback and information on the change progress, perceptions and opportunity to clarify grey areas and

concerns from stakeholders and subsequent development and implementation of plans to support the strategic change.

The study established that employee engagement and participation in the change initiative led to enhanced pace of the change process owing to gradual and steady acceptance of the change process as they were better informed and provided with candid feedback. Constructive engagements customized to the change context such as dialogue sessions led to minimized level of dispositional resistance to change. These findings lend credence to the averment by Lines (2004), that there exists a positive correlation between involvement and participation of employees to the attainment of goals in change management initiatives and a negative correlation between participation and involvement and resistance.

From the study, it was evinced that value-driven culture enhances organizational performance. This leads to alignment of synergistic efforts due to increased sense of belonging, clearly defined responsibilities, appreciation of individual contribution to the attainment of organizational goals and objectives. The findings of the study find consilience with the Barrett (2006) who advanced that value-based culture evince a low degree of entropy and emerges from visionary, inspirational and value-driven leadership that leads to high organizational performance. Enhanced performance is achieved through linking culture to the performance of employees and diligently managing cultural capital.

The study brought to the fore key fundamental factors necessary for the successful management of strategic changes. At the core is intentional, focused and purposeful leadership characterized by purposive action. Other factors include clear vision, open,

robust and relentless communication strategy, key stakeholders' involvement and management, use of an experienced change management consultant and continuous monitoring and evaluation of the change process. In the case of acquisitions and mergers, some of the key success factors include adequate understanding and appreciation of the different cultures in the merging entities, adoption of value-based culture, embracing best practices from each of the merging entities, common/new shared vision and inclusivity in the change dialogue and process.

In relation to the theories, it was established that REK Plc adopted business process re-engineering, cultural change and organizational learning aimed at aligning internal features of the firm to the external environment (Strategic fit). These initiatives enabled the organization to renew its processes and reconfigure its strategic resources in a bid to retort to the dynamic business environment and consumer patterns to gain competitive advantage and long-term evolutionary fitness. These findings support and lend credence to dynamic capabilities theory as propagated by Teece et al. (1997), that organizations must develop dynamic capabilities to effectively and rapidly respond to environmental opportunities and threats for survival and competitive advantage in the long term.

Finally, the study established that REK Plc had acquired numerous strategic resources and capabilities which had emanated from the two merging entities. These resources and capabilities had evolved from culture change, rebranding initiative, business process re-engineering, knowledge and skills of employees culminating to improved brand image, improved customer service, innovation and cultural capital which have enhanced the performance of REK Plc. The above view supports Resource-based view theory as advanced by Wernerfelt (1984) who avers that strategic resource holders can maintain a

comparative position in relation to other resource holders' position in the respective industry owing to how a firm deploys its distinct resources for survival and competitive advantage in the long term and resource position barrier.

CHAPTER FIVE

SUMMARY, CONCLUSION & RECOMMENDATIONS

5.1 Introduction

This chapter covers and presents summary of the study findings, conclusions adduced from summary of the study findings, recommendations of the study, limitations of the study and finally suggested areas for further research. The study aimed at establishing how RUBiS Energy Kenya manages its strategic changes.

5.2 Summary of the Study

The study was carried out to establish how RUBiS Energy Kenya Plc manages its strategic changes. The study adopted case study design and hinged on both secondary and primary. Primary data was collected using a discussion guide through the interview of the relevant Heads of Departments at REK Plc. The interviewees had worked within the two merged entities for an average period of 7 years hence the information provided was deemed solid, valid and reliable for the study. Secondary data was obtained by studying organization reports, websites and library databases. The collected data which was qualitative in nature was analyzed through content analysis.

The study established that RUBiS Energy Kenya Pc has undergone through numerous strategic changes. The notable/key strategic changes that occurred at the organization include: (1) Acquisition and merger of KenolKobil Plc and Gulf Energy Holdings Ltd, (2) Rebranding of KenolKobil and Gulf Energy Holding branded service stations to the RUBiS brand, (3) Organizational restructuring, (4) Cultural change initiative and (5) Top leadership change. The study established that RUBiS Energy Kenya Plc had adopted the

following practices to manage its strategic changes: strategic leadership, open and relentless communication, stakeholder involvement, employee engagement and participation and culture & values change/alignment.

According to the study findings, intentional, focused and purposeful leadership characterized by purposive action was touted as the key success factor in the management of strategic change. Other factors include open, robust & relentless communication strategy, clear vision, management & involvement of key stakeholders, and use of an experienced change management consultant to guide the change process. Adoption of value-based culture was also touted as one of the key enablers for the successful implementation of strategic change within the organization.

The study also established the need for organizations to continually renew their processes and reconfigure their strategic resources as a retort to the ever-changing environment. Business process re-engineering, restructuring, learning organization, innovation and cultural change were adopted by REK Plc to support its strategy. This was aimed at attaining strategic fit and long-term evolutionary fitness critical for the long-time survival of the organization.

5.3 Conclusion of the Study

The study concludes that REK Plc adopted numerous strategic change management practices to align with the ever-changing and turbulent environment to ensure that its vision and goals are attained in the long term. The organization engaged the services of an experienced change management consultant to steer the culture change process, open and relentless downward and upward communication was adopted to create awareness

and balance expectations through alignment of thought, key stakeholders were identified and involved in the change process culminating to minimal resistance to the strategic change process. In addition, top leadership changes led to the enlistment of visionary and strategic leadership who spearheaded and provided a supportive environment that supported the change process.

The study concludes that an organization's culture shapes the foundation for its strategy. An organization's culture is exemplified by the behaviour of its employees and the values they espouse. REK Plc therefore sought to model the behaviours of its employees based on desired values to attain the coveted organizational culture that supports its strategy. This will culminate in the establishment of value based organizational culture that will form the basis and foundation for decision making and guide stakeholder relationships at REK Plc.

Finally, the study denotes the significance of organizational learning in enhancing innovation within the organization. In the current turbulent and ever-changing environment, learning and innovation are considered as the key sources of sustainable competitive advantage as organizations that out-think their rivals attain more success. REK Plc has adopted a culture of continuous targeted learning and intra-organizational wide knowledge sharing to enhance its strategic capabilities to stay abreast of its competitors through innovative ways and creativity to satisfy their customers for sustainable competitive advantage.

5.4 Recommendations of the Study

The study recommends that REK Plc should monitor and evaluate its strategic changes continuously. This can be steered by the change management consultant in liaison with the organization representative(s)/change champion(s). M&E can be done through the use of surveys, regular reports, organizational analysis or other techniques. M&E helps in the alignment of strategic results to the expected strategic outcomes.

The study recommends that REK Plc should translate its identified values into behaviours and attitudes that its employees should continue to embrace to enhance the capacity of the organization to thrive. Values based organizational culture help steer and drive the performance of organizations by modelling the behaviours of employees towards the targeted aspirational culture. In the case of acquisitions and mergers, cultural dynamics between the merging entities offer greater opportunities for enhanced performance and integration by leveraging on complementary strengths. However, this study cautions that for successful implementation of the change process, culture should be properly aligned to the leadership of the organization and its strategy for attainment of desired outcomes.

Owing to the dynamic and turbulent nature of the environment, the study recommends that organizations should leverage on learning and innovations to enhance their agility. Organizational leadership should prioritize learning within the work environments to spur innovations and new ideas as a retort to the increasingly unpredictable/dynamic environment. Organizations should embrace a culture of organizational learning to evolve progressively by building strategic capabilities to enhance organizational competitiveness.

5.5 Limitations of the Study

The researcher adopted interviews with the help of an interview guide to collect data from senior managers at REK Plc. Securing appointments with the key interviewees presented a challenge owing to their busy schedules. Nevertheless, the researcher resolved this challenge by carrying out the interviews out of working hours.

The researcher interviewed only senior managers at REK Plc. Therefore, the data collected may be deemed biased as it is not representative of the views of middle and junior level staff. In addition, the data collected does not present the views of the other stakeholders at REK Plc.

The researcher carried out the case study with focus on management of strategic changes at REK Plc. The organization is still undergoing strategic changes such as rebranding which will be concluded by the end of 2023. Therefore, the findings of this cross-sectional study may be inconclusive, subjective and lack generalizability.

5.6 Suggestions for Further Study

Research should be carried out at REK Plc after the conclusion of the current strategic changes. This would aid in putting into perspective within the context of time how the organization manages its strategic changes. Additionally, this will aid in validating the findings of the study in context.

Whereas culture and organizational learning have been touted as key enablers of change, there is need for greater understanding on the role of culture and organizational learning on the strategic direction of an organization. Further research should be undertaken on the role of culture and organizational learning on the management of strategic change(s).

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APPENDICES

Appendix 1: Interview/Discussion Guide

Part A: General Information

1. What is your management position at RUBiS Energy Kenya Plc?
2. How long have you worked in this institution?

Part B: Management of Strategic Change

a) Leadership

3. What is the role of leadership in the management of strategic change?
4. How did the leadership and/or change agent manage resistance to change during the merger and subsequent change initiative?
5. What was the impact of the change agent to the change initiative?
6. Which change model was adopted in the management of strategic change and what was the impact?

b) Communication

7. Which approach was adopted by the leadership and/or change agent in communicating to the stakeholders?
8. What was the frequency of communication from the change agent and/or leadership?
9. What was/is the impact of communication on the management of strategic change?

c) Employee engagement and participation

10. How were employees engaged and involved in the change management process?
11. What was the impact of employee involvement and participation in the change process?

d) Stakeholders' involvement

12. What was the impact of the involvement of key stakeholders in the management of strategic change?
13. How did the stakeholders contribute to the successful implementation of the change management programme?

e) Culture/Values

14. How does culture influence behavior and performance?
15. What was the impact of cultural transformation on the management of strategic change and organizational performance?
16. What is the impact of value-driven culture on the management of strategic change and organizational performance?

Part C: Challenges and approaches to management of strategic change

17. What challenges were encountered pre, during and after the merger of KenolKobil Plc and Gulf Energy Holdings Ltd?
18. What strategies were adopted in the management of strategic change?

19. How did the new organizational structure support change and strategy of the new organization 'RUBiS Energy Kenya Plc'?
20. What are the fundamental success factors necessary for successful change implementation in the case of acquisitions and subsequent merger?

Appendix 2: Introduction letter for research



UNIVERSITY OF NAIROBI

FACULTY OF BUSINESS AND MANAGEMENT SCIENCES

MBA PROGRAM

Telephone: 020 491 9007
Telegrams: "Varsity" Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, KENYA

12 October 2021

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

INTRODUCTION LETTER FOR RESEARCH
OWINO KEVIN ODHIAMBO REGISTRATION NO. D61/28965/2019

This is to confirm that the above named is a bona fide student in the Master of Business Administration (MBA) Degree program in this University. He is conducting research on "*Management of Strategic Change at Rubis Energy Kenya PLC.*"

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the Project. The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

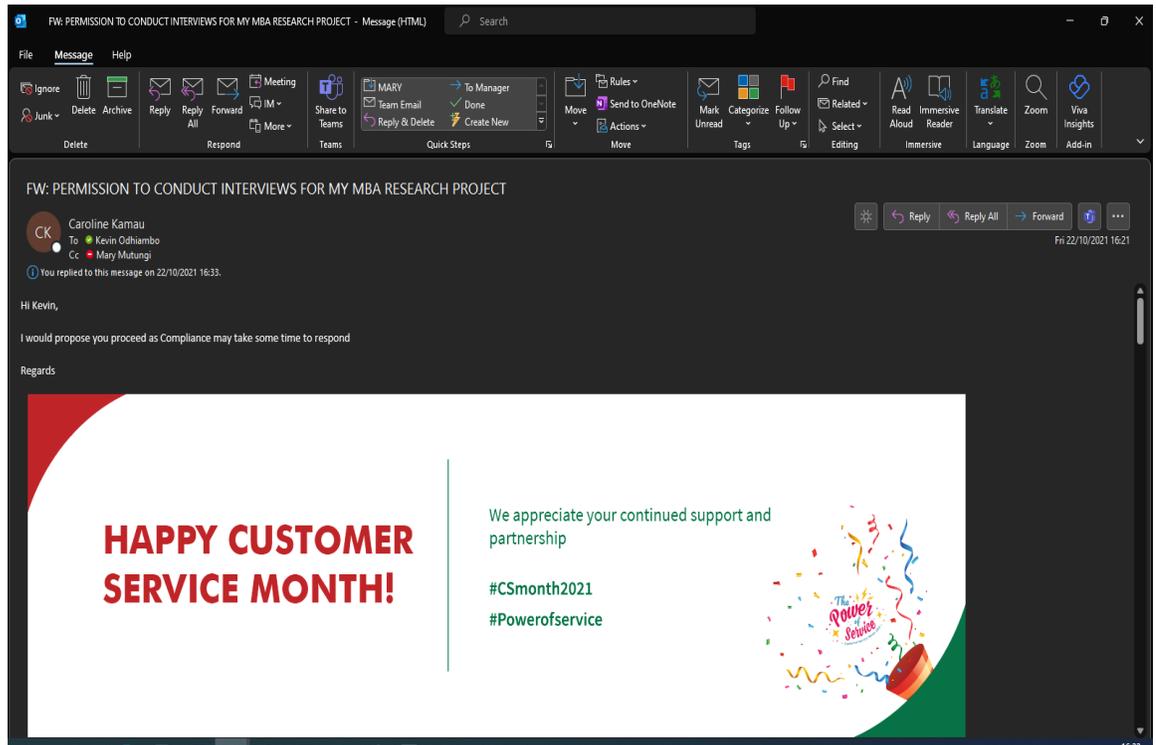
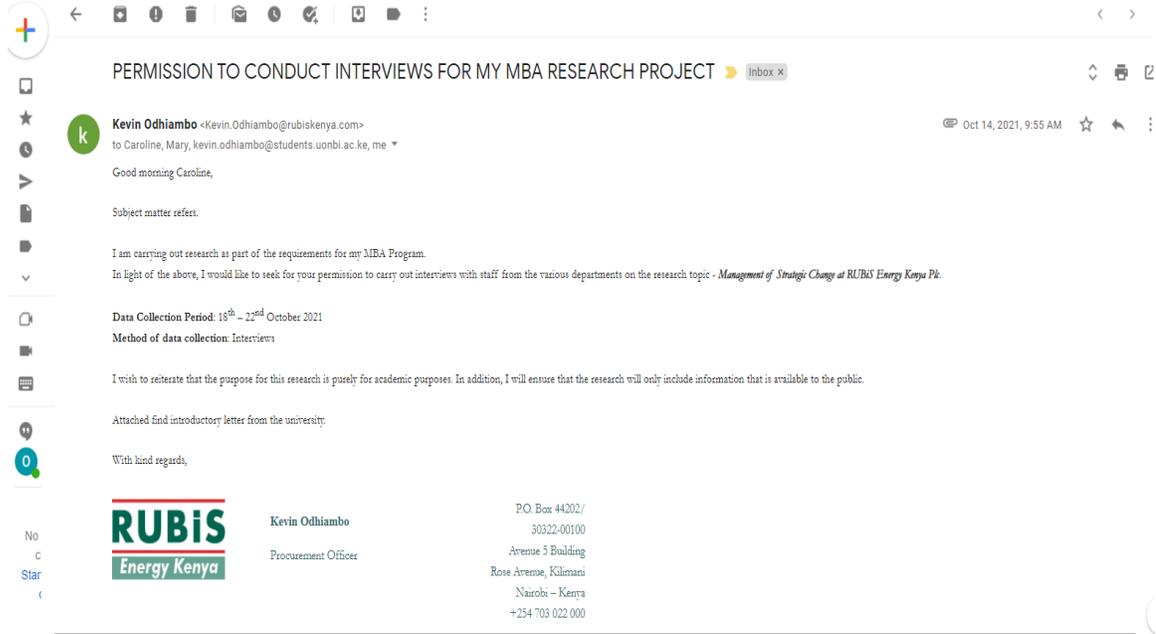
Your assistance will be highly appreciated.

Thank you.


PROF. JACKSON MAALU
DEAN, FACULTY OF BUSINESS AND MANAGEMENT SCIENCES

JM/Jo

Appendix 3: Request & Permission to conduct interviews



Appendix 4: Confirmation of collection of Research Project Data



Avenue 5 Building
Rose Avenue, Kilimani
P.O. Box 44202 or 30322
00100 GPO
NAIROBI - KENYA

March 2, 2022

Prof. Martin Ogutu,
Department of Business Administration,
Faculty of Business and Management Sciences,
University of Nairobi - Kenya.

Dear Sir,

RE: CONFIRMATION OF COLLECTION OF PROJECT RESEARCH DATA

Reference is made to the afore-captioned matter.

This is to confirm that **Owino Kevin Odhiambo** Registration No. **D61/28965/2019** carried out interviews with various departments at RUBiS Energy Kenya Plc as part of his Research on "Management of Strategic Change at RUBiS Energy Kenya Plc."

The information and data collected should be **STRICTLY** used for academic purposes.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Mary Mutungi", is written over a circular stamp. The stamp contains the RUBiS logo and the text "P.O. Box 44202 OR 44202 00100, GPO".

Mary Mutungi
Procurement & Administration Manager

Appendix 5: Plagiarism check result

MANAGEMENT OF STRATEGIC CHANGE AT RUBIS ENERGY KENYA PLC			
ORIGINALITY REPORT			
Approved by Supervisor 		07/10/2022	
12%	11%	1%	4%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS
PRIMARY SOURCES			
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