MANAGEMENT OF STRATEGIC CHANGE AT TAMOIL KENYA

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Declaration

This project is my original work and has not been presented for the award of a degree in any university.

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This project has been submitted with our approval as university supervisors

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Dedication

To the loves of my life my wife Nduta, my son Karari, my daughter Njoki,– in the fervent hope that the skies of their future will always be bright, pure and blue.

Acknowledgements

For this milestone in my life, I confess that I have not made it by my own but I owe a lot to many: who lit my path when it was dark; who let me stand on their shoulders that I may see beyond the forest; who gave out that I may receive; and finally those who cheered me on while I did run the marathon race.

I am grateful to God for the gift of sound mind during this project. I am indebted to Professor Aosa and Mr. Maalu for patiently allowing that I quench my thirst from their fountain of knowledge. I have been humbled by the belief my fellow student, Maurice Owuor, had on my abilities. Thanks Maurice for your encouragement.

Finally I salute my wife Nduta. While I burnt the midnight oil, she held together the family fabric, was there for our son Karari and even nursed baby Njoki in the womb.

Abstract

Academicians and practitioners are in agreement that change is a constant feature of organizational life (Burnes, 2004; Causon, 2004; Staniforth, 1996), and that change is all about learning (Beer, Eisenstat and Spector, 1990). Few now doubt the importance of an organization's ability to identify where it needs to be in the future (Burnes, 2003). Val and Fuentes (2003), have defined organizational change as an empirical observation in an organization entity of variations in shape, quality or state over time after the deliberate introduction of new ways of thinking, acting and operating. In offering this definition Val and Fuentes (2003), echo the findings of other researchers that the general aim of organizational change is adaptation to the environment or an improvement in performance. Practitioners, academics and writers have established different models for leading change successfully (Mbogo, 2003). These models, if properly applied, they argue, should see change managed successfully.

This study set out to establish change management practices within Tamoil Kenya and evaluate the change management process in light of the models of change management. Towards this end both primary and secondary data was collected, this being an important approach for a case study design. Primary data was collected through personal interviews to top management and business line managers, and secondary data was obtained through reviews of internal documentation relating to the change management program. The data obtained was analyzed using Conceptual Content Analysis with the analysis being guided by six dimensions of the integrated change management model.

The organizational change at Tamoil Kenya is still at infancy stage having now been implemented over the last one year. It is shown that the organizational change has been characterized by a lack of clarity on the future state of the organization, an overemphasis on changes to structures, simultaneous introduction of relatively many change programs, and mild staff resistance. Mild resistance is attributed to recognition by the organization's top leadership to respond to staff fears and concerns as it has been a time of questioning and confusion for employees. Both planned and emergent approaches to change management models are evident in management of the change process. However, it is the management of the process elements of change management that is impacting on the performance of the change initiatives. The performance of the change management process is being influenced by a number of factors, including lack of clarity of organization future state, inadequate communication, inadequate leadership, knowledge regarding important aspects of change management on the part of managers, change in culture and mild resistance by organizational members.

A major success of the change management program is the improved profitability of the business since January 2007, while loss of experienced human resource to competition is cited as a significant failure of the change management process.

TABLE OF CONTENTS

Declaration	ii
Dedication	iii
Acknowledgements	iv
Abstract	v
List of Abbreviations	ix
CHAPTER ONE	1
1.1 Background	1
1.1.1 Concept of Change Management	1
1.1.2 Tamoil Kenya	5
1.2 Statement of the Problem	6
1.3 Objectives of the Study	7
1.4 Importance of the Study	8
CHAPTER TWO: LITERATURE REVIEW	9
2.1 Organization Change and Change management	9
2.1.1 Concept of Change	9
2.1.2 Organization in Context of Change	9
2.1.3 Organizational change	11
2.1.4 Change management	12
2.1.5 Approaches of change management	14
2.1.5.1 Planned Approach	14
2.1.5.2 Emergent Approach	15
2.1.5.3 Contingent Theory	16
2.1.6 Models of Change management	16
2.1.7 Integration of change process models	20
2.2 Rhythm of change	22
2.3 Factors that influence change outcome	22
2.3.1 Culture	23
2.3.2 Leadership	24
2.3.3 Resistance	25
2.3.4 Communication	26
2.3.5 Knowledge of critical issues	26
CHAPTER THREE: STUDY METHODOLOGY	29
3.1 Research Design	29

3.2 Data Collection 29

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS 31

4.1 Introduction 31

4.2 Profile of Tamoil Oil Kenya 31

4.3 Change management practices within Tamoil Oil Kenya 37

4.4 Evaluation of the change effort 53

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary 57

5.2 Conclusions 58

5.3 Recommendations for further research 60

REFERENCES 61

APPENDICES 70

Appendix 1: Interview guide 70

List of Abbreviations

AAG	Approval Authority Guidelines
BPO	Business Process Owners
DOAG	Delegation Of Authority Guideline
HSE	Health, Safety and Environment
KPA	Kenya Ports Authority
KSHS	One thousand shillings
KUSD	One thousand United States dollars
OEMS	Operations Excellence Management System
OIMS	Operations Integrity management System
M	Million
SHE	Safety, Health and Environment
SHS	Shillings
USD	United States Dollars
YTD	Year to Date

CHAPTER 1: INTRODUCTION

1.1 Background

Val and Fuentes (2003), have defined organizational change as an empirical observation in an organization entity of variations in shape, quality or state over time after the deliberate introduction of new ways of thinking, acting and operating. Organizational change can occur at three levels which require different change strategies and techniques (Goodstein and Burke, 1991). These levels involve, changing the individuals who work in the organization, changing various organizational structures and systems, and directly changing the organizational climate. There is an impressive research that has been done by scholars to identify the reasons behind change management initiatives. Classic economic theory supports the view that the strategic choices of individual companies are significantly dependent upon global and environmental factors (Nigel, 2006a; Wissema, 2001). In almost every case of change management the basic goal has been the same: to make fundamental changes in how business is conducted in order to help cope with a new more challenging market environment (Kotter, 1995).

1.1.1 Concept of Change Management

Academicians and practitioners are in agreement that change is a constant feature of organizational life (Burnes, 2004; Causon, 2004; Staniforth, 1996), and that change is all about learning (Beer, Eisenstat and Spector, 1990). Few now doubt the importance of an organization's ability to identify where it needs to be in the future (Burnes, 2003). If organizations operated in a vacuum, the levers for change would be minimal (Staniforth, 1996).Yet the pressures on organizations to change are many and the levers are numerous in the environment that organizations operate in. Pearce and Robinson (2000), identify political, economic, social, technological and ecological factors as comprising the macro environment. This macro-environment (which they refer to as the remote environment) presents organizations with opportunities, threats and constraints. Ansoff and McDonnell (1990), state that the environment in which organizations operate in can be either relatively stable or turbulent. Either formally or informally, organizations thus develop strategies that often times dictate a change in an organization's status quo (Mbogo, 2003).

Val and Fuentes (2003), have defined organizational change as an empirical observation in an organization entity of variations in shape, quality or state over time after the deliberate introduction of new ways of thinking, acting and operating. In offering this definition Val and Fuentes (2003), echo the findings of other researchers that the general aim of organizational change is adaptation to the environment or an improvement in performance. Most managers and executives today would agree that change has become a constant phenomenon which must be attended to and managed properly if an organization is to survive (Burke et al. 1996).

As a formal subject of study and application, change management can be said to have begun some 50 years ago with what has since become known as planned model of change (Burnes, 1996). Moran and Brightman (2000), have defined change management as the process of continually renewing an organization's direction, structure, and capabilities to serve the ever-changing needs of external and internal customers. Change management, as postulated by Nigel (2006a), is the very mechanism by which contemporary organizations deliver their strategy and remain competitive. Change management initiatives or efforts, as observed by (Kotter, 1995), have gone under many banners: total quality management, reengineering, right sizing, restructuring, cultural change and turnaround.

Practitioners, academics and writers have established different models for leading change successfully (Mbogo, 2003). These models, if properly applied, they argue, should see change managed successfully. Unfortunately, many such change initiatives, even those undertaken by organizations with the best of intentions, are often destined for failure at some point in their implementation (Anderson-Rudolf et al.1996; Burke et al. 1996; Burnes, 2003; Champy, 1995; Duck, 1993; Higgs and Rowland, 2005; Jacobs, Keegan, Christe, Seeberg and Runde 2006; Lawler and Worley, 2006; Miller, 2002; Pfeifer, Schmitt and Voight, 2005; Smith, 2006). Though failures such as these can be traced in hindsight to a number of factors, including inappropriately conceived future states, resistance by organizational members, faulty implementation strategies during transition periods, it is the lack of knowledge regarding important aspects of change management on the part of managers and executives that contribute most to the failure rate (Burke et al. 1996).

Beer, et al. (1990), have observed that while managers understand the necessity of change to cope with new competitive realities, they often misunderstand what it takes to bring it about. Burke et al. (1996) observe that if organizations are ever to experience a greater level of success in their development efforts, managers and executives need to have a better framework for thinking about change and an understanding of the key issues which accompany change management.

In 1988, Burke developed a change management model that offers an integrated understanding of the organizational change process that is useful for managers who find themselves in the position of planning or implementing change. This framework integrates the strengths of theoretical perspectives and incorporates important issues involved in evaluating the overall effectiveness of the change process. Several years ago the managing change model (Burke, 1988; Burke and Spencer 1990; Burke et al. 1993) was used as a framework to measure knowledge about issues in organizational change among managers and executives (Burke et al. 1991) and more recently, among organizational development practitioners (Burke et al. 1996).

Findings on earlier research done outside Kenya, have revealed that managers' average score on the instrument of the integrated change model is only 71 out of a possible 100 marks (Burke et al. 1991). If the instrument is viewed as normative, this score can be described as roughly equivalent to a grade "C" in the subject of change management (Burke et al. 1996). An average score of "C" is passing but it indicates insufficient knowledge of some very important issues. Incomplete knowledge implies at least, average performance and average performance is simply not good enough in the challenging conditions that most businesses face today (Anderson-Rudolf et al.1996; Burke, 1988; Burke et al. 1991; Burke et al. 1996). Additionally the findings have revealed that, as a whole, managers are most adept at managing organizational aspects of change process but not the human side. This reflects what many researchers and practitioners (Beckhard and Harris, 1987; Champy, 1995; Kotter 1995) have already suggested, that is, that managers might improve their intervention success rates through a more thorough consideration of both the fundamental aspects of change and their employees' responses and reactions to such change efforts.

1.1.2 Background on Tamoil Kenya Limited

Mobil Oil Kenya, a subsidiary of the oil giant ExxonMobil Corporation, has been operating in Kenya for the last ten years. Over the years, the company has adopted the ExxonMobil global strategy in her operations in the local oil industry environment. In a press release on 9th October 2006, ExxonMobil announced that as a result of a review of her operations, a strategic decision to sell Mobil Oil Kenya to Tamoil Kenya had been made. The decision was prompted by successive failure of several initiatives geared towards increasing profitability and meeting shareholders expectations. On this day, ExxonMobil divested out of seven African countries namely: Kenya, Re-Union, Cameroon, Ghana, Gabon, Cote de Ivore and Senegal. Tamoil Africa Holdings acquired all of these business units. This divestment was preceded by another one on 5th September 2005 where ExxonMobil sold all her business interests in 14 countries – from the east and south Africa region – to Total International. Nine of the fourteen countries had Mobil Oil Kenya as their regional office.

Tamoil Kenya is a subsidiary of Tamoil Africa Holdings, a growing international oil company that has her roots in Libya. The mission of Tamoil Africa Holdings Limited is "to invest in all aspects of the energy industry in Africa in an efficient and profitable manner, including upstream exploration and production of oil and gas, and downstream refining and distribution of refined products". Her products are classified into three categories. The first category is the refined oil products derived from the refining of crude oil, such as petrol, diesel, heating oil, fuel oil, liquefied petroleum gas and jet-fuel.

The other categories are lubricants and non oil products and services, such convenience retailing. In Kenya, Tamoil has interests in marketing and retail, storage and distribution, supply and trading, and aviation. The company employs 164 employees. It has her head office in Nairobi and other branch offices in Mombasa, Nakuru, Eldoret and Kisumu. The organizational change at Tamoil has involved two broad areas: internal and external branding, and change in strategic direction.

1.2 Statement of the Problem

In the last decade, there has been an acceleration of the magnitude and pace of change across the globe (Mbogo, 2003). These changes, be they political, economic, social and/or technological have not spared Kenya. Organizations have reacted in a variety of ways, including strategy reformulation, to ensure their continued relevance in the market place. Many of these organizational changes have involved sharp transitions, and sometimes chaos, as inevitable by-products of the process which has caused uncertainty, stress and anxiety among the organizational members (Yehuda 2007). Duck (1993), suggests that organizations that introduce change need to gain the hearts and minds of their members if the change is to be successful. The changes at Tamoil have been brought about by change of ownership, from Mobil to Tamoil, and the change of the company's strategy and brand. Causon (2004), has argued that a brand is one of the key ways that any organization actualizes its business aims and ambitions as it is a way of connecting people to the organization. He further observes that true branding goes to the very core of any organization. It provides a powerful tool that can unite and galvanize the entire organization, and help reinforce and promulgate the key business goals. Managing rebranding and change in strategic direction is a complex process and as such any case study involving the same would contribute significantly to the body of knowledge.

A number of studies have been done in Kenya on the relationship between strategy and the external environment (Hassan, 2004; Kiruthi, 2001; Miyumo, 2004; Mutuku, 2004; Nyamache, 2003; and Rukunga, 2003). However, the limitations of these studies are that they have focused on strategy formulation, strategic choices, strategy implementation and strategic responses to changes in the environment. There has thus been limited focus on the management of change process (Mbogo, 2003). Additionally there has been no prior empirical research that has explicitly investigated managers' knowledge on critical issues in the management of change as a factor that can influence the outcome of a change process. This study offers to fill this gap and provide a suitable avenue in developing an in-depth understanding of change management processes in Kenya.

One poses several questions as to the management of change in Tamoil. Is there any process models being employed that are consistent with the vision of the company? Are these models among any of the known theoretical models of change management? How are factors such as culture, resistance, leadership, communication and managers' knowledge on critical issues in the management of change affecting the outcome of the change program?

1.3 Objectives of the Study

The objectives of this study were to establish:-

i) Change management practices within Tamoil.

ii) Evaluate the change management process in light of the models of change management.

1.4 Importance of the Study

This study will be of importance to managers at Tamoil, practitioners and academicians. Since the organizational change at Tamoil Kenya is on-going, the managers at Tamoil Kenya will find this study useful in offering insights into the management of change process as this study will offer diagnostic data on the management of a change program. If, for instance, managers throughout the organization tend to share beliefs about a particular dimension of change management, then policies that build on these shared functional beliefs can be used as selling points for a more thorough and integrated change program. Practitioners may apply lessons learnt from this study in planning and implementing future changes in similar organizations while the academia may use the findings for further research. Finally, this research will add to the body of knowledge on organisational change and its management which will be of value to those studying change management in Kenya.

CHAPTER 2: LITERATURE REVIEW

2.1 Organizational Change and Management of Change

2.1.1 Concept of Change

To paraphrase Machiavelli,

> *"in today's rapidly changing environment, there is only one thing more difficult to take in hand, more perilous to conduct, and more uncertain in its success than taking the lead in the introduction of change, because the innovation has for enemies all those who have done well under the old conditions and lukewarm defenders in those who may do well under new"* (Ansoff and McDonnell, 1990; Burke et al.1991).

Academicians and practitioners are in agreement that change is a constant feature of organizational life (Burnes, 2004; Causon, 2004; Staniforth, 1996), and that change is all about learning (Beer, et al. 1990).

Beer, et al. (1990), have observed that while managers understand the necessity of change to cope with new competitive realities, they often misunderstand what it takes to bring it about. On the other hand, for researchers, the problem with studying change is that it parades across many subject domain under numerous guises such as transformation, development, metamorphosis, transmutation, evolution, regeneration, revolution and transition just to name a few (Stickland, 1998).

2.1.2 Organizations in the context of change

In the context of change, organizations can be understood as networks of conversations, which are and provide the very texture of organizations (Smollan, 2006). Planning, budgeting, hiring, firing, promoting, managing and rewarding are all conversations. If organizations operated in a vacuum, the levers for change would be minimal (Staniforth, 1996). Yet the pressures on organizations to change are many and the levers are numerous in the environment that organizations operate in. Pearce and Robinson (2000), identify political, economic, social, technological and ecological factors as comprising the macro environment. This macro-environment (which they refer to as the remote environment) presents organizations with opportunities, threats and constraints. The economic factors concern the nature and direction of the economy in which organizations operate. Social factors determine the type and level of demand for products and services. The political factors define the legal and regulatory framework within which organizations operate. Technological innovation creates possibilities for new processes, products and services for organizations.

Ansoff and McDonnell (1990), state that the environment can be either relatively stable or turbulent. They categorize the environmental turbulence into five levels that are on a continuum; repetitive, expanding, changing, discontinuous and surpriseful. According to them, each of these levels requires different levels of strategic aggressiveness and organizational responsiveness. Burnes and Salauroo (1998), state that environment can affect organizations in differing ways depending on the state in which the organization exists. Burnes and Salauroo (1998), have identified two basic organization states: convergent and divergent. A convergent state occurs when an organization is operating under stable conditions; where there are established and accepted goals and a predictable external and internal environment. A divergent state occurs when environmental changes challenge the efficiency and appropriateness of an organization's established goals, structures and ways of working.

2.1.3 Organizational change

In order to define organizational change, one has to be able to appreciate the historical antecedents that brought about the current environment with which business firms have to negotiate (Appelbaum, et al. 1998). After the Second World War, there was a drive to improve efficiency and organizational theorists followed into the footsteps of Frederick Taylor in their attempts to define organizational effectiveness in terms of a scientific approach to the management of organizations (Appelbaum, et al. 1998; Drucker, 1991). This closed system approach, where the environment was ignored, resulted in control-oriented organizations with complex structures and simple, routine, monotonous tasks (Appelbaum, et al. 1998). In the 1970s the market place demanded quality in products and services. Organizations had to distinguish themselves from their competition through excellence as markets opened up and competition became fierce and in today's environment, the ability of organizations to respond to micro-markets' demands, where choice to the consumer is preponderant, is dependent on their ability to be flexible (Appelbaum, et al. 1998). Burnes and Coram (1998), sum up the historical perspective of organizational change by observing that from Kurt Lewin's work in the 1940s to the present day, organizational change, as a systematic process, has moved from being a topic of interest to only a few academics and practitioners to one that is seen as lying at the core of organizational life. And to sum it all, organizational change has become a way of life as a result of three forces: globalization, information technology and industry consolidation (Kanter, 2000).

Val and Fuentes (2003), have defined organizational change as an empirical observation in an organization entity of variations in shape, quality or state over time after the deliberate introduction of new ways of thinking, acting and operating. Organizational change can occur at three levels which require different change strategies and techniques (Goodstein and Burke, 1991). These levels involve, changing the individuals who work in the organization, changing various organizational structures and systems, and directly changing the organizational climate.

2.1.4 Change Management

As a formal subject of study and application, change management can be said to have begun some 50 years ago with what has since become known as planned model of change (Burnes, 1996). Moran and Brightman (2000), have defined change management as the process of continually renewing an organization's direction, structure, and capabilities to serve the ever-changing needs of external and internal customers. Change management, as postulated by Nigel (2006a), is the very mechanism by which contemporary organizations deliver their strategy and remain competitive.

There is an impressive research that has been done by scholars to identify the reasons behind change management initiatives. Classic economic theory supports the view that the strategic choices of individual companies are significantly dependent upon global and environmental factors (Nigel, 2006a; Wissema, 2001). Goodstein and Burke (1991), postulate that organizations tend to change primarily because of external pressure rather than an internal desire or need to change. In almost every case of change management the basic goal has been the same: to make fundamental changes in how business is conducted in order to help cope with a new more challenging market environment (Kotter, 1995).

Change management initiatives or efforts, as observed by Kotter (1995), have gone under many banners: total quality management, reengineering, right sizing, restructuring, cultural change and turnaround. However, it has been observed that the problem for most executives is that managing change is unlike any other managerial task they have ever confronted (Duck, 1993). It is for this reason that faced with the choice between changing and proving that there is no need to do so, almost every manager gets busy on the proof (Smith, 2006).

Unfortunately, many such change initiatives, even those undertaken by organizations with the best of intentions, are often destined for failure at some point in their implementation (Anderson-Rudolf et al.1996; Burke, et al. 1996; Burnes, 2003; Champy, 1995; Duck, 1993; Higgs and Rowland, 2005; Jacobs, Keegan, Christe, Seeberg and Runde 2006; Lawler and Worley, 2006; Miller, 2002; Pfeifer, Schmitt and Voight, 2005; Smith, 2006). Kotter (1995), has summarized his experience of more than 100 companies trying to make fundamental change in order to cope with the environment thus; "a few of these corporate change effort have been successful. A few have been utter failures. Most fall somewhere in between, with a distinct tilt towards the lower end of the scale".

It is important when seeking to bring about organizational change that we understand the causes of failure and the guidelines for success (Burnes, 2003). In 1993, Duck identified the reason for failure in change initiatives to using a mechanistic model, first applied to managing physical work, and superimposing it onto the new mental model of today's knowledge organization. Researchers have identified other common reasons for failure as: lack of change readiness; insufficient or ineffective planning; failures in the leadership and management of the change program; ineffective communication; insufficient follow through and a failure to achieve and sustain organizational learning; inappropriately conceived future states; resistance by organizational members; faulty implementation strategies during transition periods; and not recognizing and adequately attending to the human element of organizational change(Anderson-Rudolf, et al. 1996; Miller, 2002; Smith, 2006).

2.1.5 Approaches to Change Management

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

2.1.5.1 Planned Approach to Change Management

Planned change is an iterative, cyclical process involving diagnosis, action and evaluation and further action (Burnes, 1996; Coram and Burnes, 2001). Criticisms on Planned approach to change are: first, Planned approach was developed specifically for, and in response to, top down, autocratic, rigid, rule-based organizations operating in a somewhat predictable and controlled environment; second it emphasizes on incremental and isolated change and is unable to incorporate radical, transformational change; thirdly, planned change is based on the assumption that common agreement can be reached and that all parties involved in a particular change project have a willingness and interest in doing so; and fourthly it assumes that one type of change is suitable for all organizations, all situations and all times (Burnes, 1996; Coram and Burnes, 2001).

2.1.5.2 Emergent Approach to Change Management

The rationale for emergent change stems from the belief that change should not be and cannot be solidified, or seen as a series of linear events within a given period of time (Burnes, 1996). Emergent approach views change as a continuous process. Though not explicitly stated, the case for an Emergent approach to change is based on the assumption that all organizations operate in turbulent, dynamic and unpredictable environment (Coram and Burnes 2001). As proponents of Emergent approach to change management, Higgs and Rowland (2005), have summed up the case of emergent approach as one that see change as a complex process. This has seen the rise of complexity theories which are concerned with the emergence of order in dynamic non-linear systems: in other words systems which are constantly changing and where the law of cause and effect appear not to apply (Burnes, 2004). The assumptions that all organizations operate in turbulent, dynamic and unpredictable environment and the emphasis on the political and cultural aspects of change have been identified as the two main criticisms of emergent approach to change (Coram and Burnes, 2001).

2.1.5.3 Contingency theory to Change Management

Contingency theory is based on a number of now classic studies of organization structure and performance carried out in the 1960s (Burnes, 1996; Nigel, 2006a; Nigel 2006b). The theory indicates that the performance of an organization is contingent on situational variables it faces in the environment. The contingency approach thus argues against a single generic change approach on the basis that it cannot be generalized to every context (Burnes, 1996).

2.1.6 Models of Change Management

There are many models of change that been proposed by academicians and practitioners. However, most of these models to change lie on a spectrum between planned approach and the emergent approach (Burnes and Salauroo, 1998). Therefore these models of change and methods of change are quite similar in concept and often overlap (Goodstein and Burke, 1991).

One of the early models of change is Lewin three phase model based on action research, group dynamics and field theory (Higgs and Rowland, 2005).

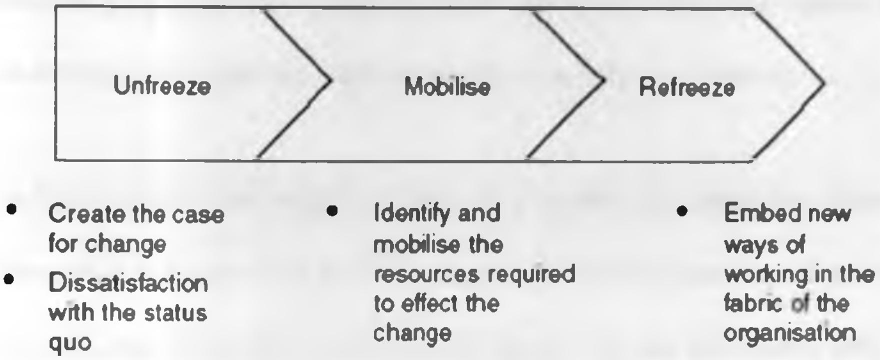


Figure 1. The three-phase model of change (adapted from Lewin, 1951)

Beckhard and Harris (1987), focus on the importance of the transition state through which the organization must navigate in order to evolve from its present state to its desired future state. They recommend creating a transition management team (TMT) composed of leaders who are respected by the organization and have wisdom, resources, clout, objectivity and effective interpersonal skills.

Duck (1993), expands on Beckhard and Harris' approach, highlighting the dynamic nature of change and the importance of an effective transition management team composed of people who report directly to the chief executive and can commit all their time and effort to managing the change process.

By focusing on the psychological adjustment that individual members of an organization must make during change, (Bridges, 1986), presents a three part individual transition process that accompanies Lewin's three stages of change. The first stage involves letting go of one's old situation and identity. The second stage is described as the neutral zone, where organizational members move through a period of ambiguity and contradiction as they search for a new framework and identity that they can use to establish themselves in the changing organization and the final stage occurs when the various losses experienced in the first two stages are acknowledged, accepted, and resolved.

In 1995, Kotter established an eight step model that identifies critical mistakes in the process of change and posited that a change process goes through a series of phases that in total, usually require a considerable length of time. He asserts that skipping any step creates only illusions of speed and never produces a satisfying result. The eight steps are: establishing a great enough sense of urgency; forming a powerful guiding coalition; creating a vision; communicating the vision; empowering others to act on the vision; planning for and creating short term wins; consolidating improvements and producing still more change, institutionalizing new approaches. Kotter strives to prescribe a model that can reduce the error rate in the change process since fewer errors can spell the difference between success and failure.

Kanter, Jick and Stein (1992), give what they call the Ten Commandments to executing change successfully. The Ten commandments are: Analysing the organization and need for change; creating a shared vision and a common direction; separating from the past; creating a sense of urgency; supporting a strong leader role; lining up political support; crafting an implementation plan; developing an enabling structure; communicating and involving people and being honest and reinforcing and institutionalizing change are their prescriptions for successful change.

In 2006, Smith not to be left behind developed a nine step model of organizational change management. The steps are: ensuring readiness for change, planning for change, leading change, managing change, supporting change, dealing with resistance to change, communicating effectively, following through, evaluating, learning and attending to the human factor.

Beer, Eisenstat and Spector (1990), believe that an approach to change based on task alignment, starting at the periphery and moving steadily toward the corporate core, is the most effective way to achieve enduring organizational change as it provides a way to elicit renewal without imposing it. On their part they state that managers can achieve task alignment through the critical path. The critical path has six overlapping steps: mobilizing commitment to change through joint diagnosis of business problems; developing a shared vision of how to organize and manage for competitiveness; fostering consensus for the new vision, competence to enact it and cohesion to move it along; spreading revitalization to all departments without pushing it from the top; institutionalizing revitalization through formal policies, systems and structures; monitoring and adjusting strategies in response to problems in the revitalization process.

Beer and Nohria, (2000) have proposed the emergence of two theories of change management: 'Theory E' and 'Theory O'. Their research suggests that an organization will drive change either from the economic priority (Theory E), the organizational capability (Theory O) or both. This theory identifies significant differences in the way an organization might manage change and how to approach aspects of the change process. Fundamentally, Beer and Nohria (2000), conclude that an organization would benefit by considering both economic and organizational factors in their approach to change.

2.1.7 Integration of Change Process Models

Each of the theoretical frameworks briefly described above focuses our thinking about organizational change from the broader, general patterns of change that affect the organization as a whole, down to the difficult psychological adjustment individual members of the organization must make during the actual implementation process (Anderson-Rudolph, et al 1996). Taken alone or together, however, these perspectives do not provide a comprehensive or integrated understanding of the organizational change process that is useful for managers who find themselves in the position of planning or implementing change. The Managing Change model offers just such a perspective (Burke, 1988; Burke and Spencer, 1990; Burke, Clark, Coruzzi and Spencer, 1991; Burke, Church and Waclawski 1993; Burke, Church, Javitch, Siegal and Waclawski 1996).

Several years ago the managing change model (Burke, 1988; Burke and Spencer 1990; Burke, et al. 1993) was used as a framework to measure knowledge about issues in organizational change among managers and executives (Burke, et.al. 1991) and more recently, among organizational development practitioners (Burke, et al. 1996). This framework integrates the strengths of the theoretical perspectives presented above and incorporates important issues involved in evaluating the overall effectiveness of the change process. In this model, managing change is defined as an understanding of the personal and organizational dynamics involved in a change effort, accompanied by the ability to lead people through one successfully (Anderson-Rudolph, et al 1996).

The model, according to Burke, et al. 1996, consists of the following dimensions: Individual response to change; concerning the nature, prevalence, and utility of resistance to change. The general nature of change; concerning whether effective large system change is evolutionary or revolutionary in nature and the characteristic patterns that typify change efforts in organizations. Planning change; concerning the causes of change in organizations, articulation of the vision, how to get from the present to the future, and barriers to effective transitions. Managing the people side of change; concerning how, when and how much to communicate about change within the organization, and psychological issues related to transition. Managing the organizational side of change; concerning the design and structural issues of systemic and long-term change efforts. Evaluating the change effort; concerning indicators of a change effort's effectiveness.

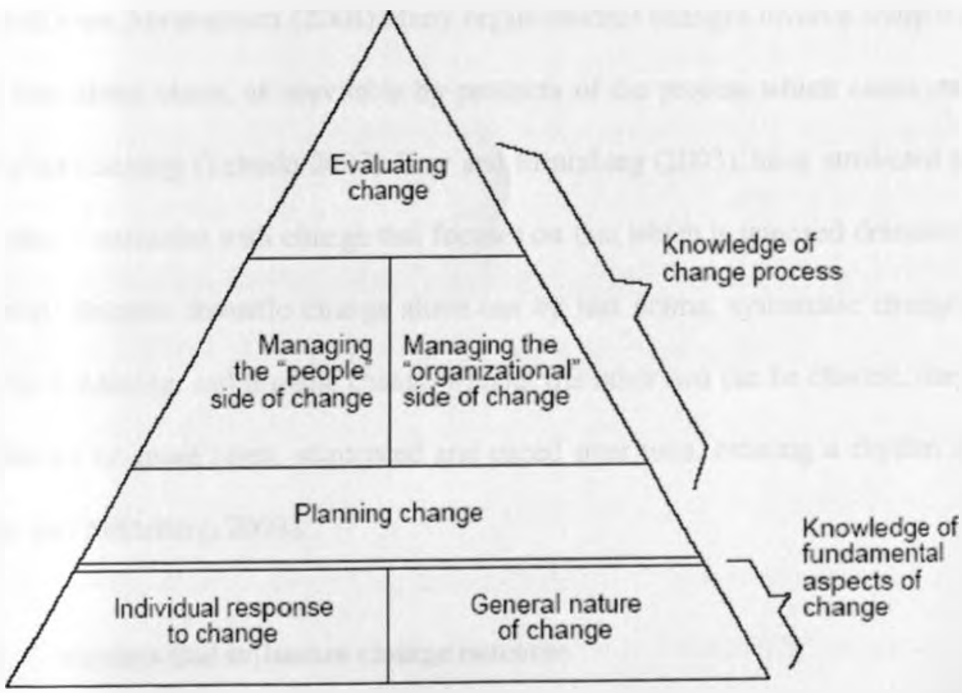


Figure 2: The Managing Change Model. Source: Burke et al. (1996)

The triangle or delta symbol, in figure 2, is used to convey two ideas. First each of the components or dimensions is an integral part of one's overall knowledge regarding change, and secondly each dimension builds on those below it (Burke, 1988). Therefore knowledge of the fundamental aspects of change is critical to the process of planning, managing and evaluating change.

2.2 Rhythm of Change

There are two types of rhythm of change namely revolutionary change and evolutionary change Revolutionary change prescribes change that destroys, in one short burst all the structures of an organization to create organizations afresh while evolutionary change incrementally destroys existing practices and replace them progressively with newly created ones Abrahamson (2004).Many organizational changes involve sharp transitions, and sometimes chaos, as inevitable by-products of the process which cause uncertainty, stress and anxiety (Yehuda 2007). Huy and Mintzberg (2003), have attributed this chaos to today's obsession with change that focuses on that which is imposed dramatically from the top. Because dramatic change alone can be just drama, systematic change by itself can be deadening, and organic change without the other two can be chaotic, they must be combined or, more often, sequenced and paced over time, creating a rhythm of change (Huy and Mintzberg, 2003).

2.3 Factors that influence change outcome

Resistance, culture, communication, teamwork and leadership have been identified as factors that can influence the outcome of any change programme (Mbogo 2003). Burke, et al. (1996), state that knowledge and awareness about many of the critical issues involved in the management of change is also a critical factor that influences change outcome.

2.3.1 Culture

It is generally accepted that once you change strategy, you must align organizational culture with strategy, or face almost certain strategic failure (Higgins, Mcallaster, Certo, and Gilbert, 2006). McHugh (1997), also suggests that it is inherently difficult to effect strategic change given that, in organizations, there is likely to exist at some level a core set of beliefs and assumptions – which are cultural in nature- held relatively commonly by the managers. Organizational culture is the pattern of shared values, norms, and practices that help distinguish one organization from another (Conner, 1993). These values, norms, and practices provide direction, meaning, and energy for the organization's members (Schraedre and Self 2003).

Higgins, et al. (2006) have proposed that one of the most effective ways of managing culture is using cultural artifacts, which are those significant interpersonal activities, physical objects, and physical space that helps define an organization's culture. They have identified at least six primary types of cultural artifacts: myths and sagas (the telling of organizational success or failure stories); language systems and metaphors; symbols, ceremonies, and rituals; identifiable value systems and behavioral norms; the physical surroundings characterizing the particular culture; and organizational rewards and reward systems. By aligning cultural artifacts with the new strategy, the change message is clarified in the minds of those being asked to change.

2.3.2 Leadership

The importance of leadership to the change management process is underscored by the fact that change, by definition, requires creating a new system and then institutionalizing the new approaches (Eisenbach, Pillai and Watson, 1999). Change management thus depends on leadership to be enacted. Most writers on leadership and change agree that the prime task of leaders is to bring about change and change requires leadership (Beer, Eisenstat and Spector, 1990; Burnes, 2003). The challenge for organizational leaders is not to come up with good ideas or guidelines for leading change; these already exist. The challenge is in translating the ideas and following the guidelines that lead to a concerted, well guided effort to lead change (Duck, 1993; Seijts and O'Farel 2003). Since the success of implementing change is generally associated with those who facilitate the change process (Saka, 2003), organization speed, flexibility and the need to execute discontinuous change require effective leadership skills Zeffane (1996).

Researchers have identified two types of managers: transactional managers and transformational managers (Landrum, Howell and Paris 2000). Burnes and Salauroo (1998) have stated that while transactional managers concentrate on optimising the performance of the organization through incremental changes within the confines of existing policy, structures and practices, transformational leaders are on the other hand seen as being opposed to the status quo. Transformational leaders thus aim to change their followers' behaviour and beliefs and unite them behind a new vision of the organization's future.

2.3.3 Resistance

Academicians and practitioners have defined resistance severally. Ansoff (1988) and, Ansoff and McDonnell (1990), define resistance as a multifaceted phenomenon, which introduces unanticipated delays, costs and instabilities into the process of a strategic change. Resistance, in an organisational setting, is an expression of reservation which normally arises as a response or reaction to change (Waddell and Sohal, 1998). Folger and Skarlicki (1990), define resistance as employee behavior that seeks to challenge, disrupt, or invert prevailing assumptions, discourses, and power relations. Homans (1961), proposes that resistance to change is one way for employees to exercise their power to restore the injustices within the existing power relationships. Trader (2002), on his part states that resistance reflects the subtext of organizational humanity on stage during organization transformation efforts. Resistance to change is thus an essential factor to be considered in any change process, since a proper management of resistance is the key for change success or failure (Folger and Skarlicki, 1999; Val and Fuentes, 2003). A combination of behavioral and systemic resistance will persist through the change process. Systemic resistance to change occurs when operating and strategic activities within the firm compete for organizational capacity (Ansoff and McDonnell, 1990).

While it is apparent that classical management theory viewed resistance in a negative manner, recent literature contains much evidence that suggests resistance may indeed be useful and is not to be simply discounted (Waddell and Sohal, 1998). Smith (2005), states that resistance to change can be seen from either a managerial perspective and holistic perspective. The managerial view regards resistance to change as a fundamentally negative force, one to be overcome and eliminated as quickly as possible, whereas the holistic view sees in change resistance a potentially useful organisational force and a healthy manifestation of organisational dynamics.

Academicians and practitioners have identified a number of ways of managing resistance. However, the overwhelming suggestion in the management literature is that participative techniques are the best method of handling resistance (Waddell and Sohal,1998). Ansoff and McDonnell (1990), state that in managing resistance a useful approach is to start by building a launching platform which involves a strategic diagnosis, a behavioural diagnosis, eliminating unnecessary resistance, forming a pro-change power base, and designing resistance reducing features into the plan of change.

2.3.4 Communication

Organizational changes often founder because not enough strategic thought is given to communicating the rationale, the progress and the impact of the change (Klein 1996). Therefore, communications are important as changes are planned and carried forth. The way in which organizations communicate with their employees during a change programme has been shown to have significant effects on the success of change initiatives, in particular an individual commitment, morale and retention (Goodman and Truss, 2004).

2.3.5 Knowledge of Critical Issues

Lack of knowledge regarding important aspects of change management on the part of managers and executives has been found to contribute most to the failure rate of many change management programs (Burke, et al. 1996). Incomplete knowledge implies at least, average performance and average performance is simply not good enough in the challenging conditions that most businesses face today (Anderson-Rudolf, et al.1996; Burke, 1988; Burke, et al. 1991; Burke, et al. 1996). One of the skills a manager can have in his repertoire these days is the skill to manage change: an understanding of the personal and organizational dynamics involved in a change effort, accompanied by the ability to lead people through one successfully (Burke, Clark, Coruzzi and Spencer, 1991).

In conclusion of the literature review, the pertinent question that has emerged is which change strategies are successful? When trying to answer this question one should focus on the whole organization mainly because it is usually the results of the entire organization that are measured (Eriksson and Sundgren, 2005). Unfortunately, there is overwhelming evidence to suggest that a universal, prescriptive model of change management is inadequate to describe the diversity of approaches actually used by organizations (Saka 2003). This is because organizations face challenges of situational change and specific internal and external signals (Hatakenaka and Carroll, 2001). Change management literature consistently suggests that change is a messy business, and as such, it is likely to be very difficult to produce a universally applicable model (Bamford and Daniel, 2005). The change approach touted as wild success for one company often proves a dismal failure for the next company (Denham, Blackwell, and Dickhout, 2000).

It follows that it is misleading to speak of good or bad approach to change. Instead, we need to think in terms of appropriateness of an approach with regard to the circumstances being addressed (Coram and Burnes, 2001). The issue therefore, becomes one of ensuring: as near as possible, that approach adopted is suitable for the circumstances; exercise of choice in terms of what to change, choice in terms of the circumstances under which the change takes place and choice of the approach adopted (Burnes,1996). Transforming a company is thus not a science – there is no formulae for success.

In summary, two approaches to change management have been discussed in this literature review. The approaches are the planned approach and the emergent approach. Factors that influence the outcome of change programs have also been discussed. A number of change management models have also been discussed. But it has been demonstrated that even with these approaches and models, a significant number of change programmes perform poorly. The change programme at Tamoil has been implemented since late 2006 and is still on going. This research aims at bringing to light an in-depth understanding of the management of change at Tamoil Kenya Ltd. As discussed earlier in this paper,the changes at Tamoil have been brought about by change of ownership, from Mobil to Tamoil, and the change of company's brand. A study of how the changes are being managed will help to establish best practices and factors that are influencing the change process. The literature from this study will contribute in placing this particular change management in the continuum of change.

CHAPTER 3: STUDY METHODOLOGY

3.1 Research Design

This is a case study on Tamoil Kenya Ltd. A case study can provide a rich understanding of an organisation that is being studied. Burnes (2003), says that case studies also have the ability of qualitative research to capture the real-life context within which events take place and to capture the essence of events, especially as they unfold. It is a method of study that drills down rather than casts wide (Bamford and Daniel, 2005; Cooper and Schindler, 2003; Eisenhardt 1989).

3.2 Data Collection

Both primary and secondary data was collected, this being an important approach for a case study design which requires that several sources of information be used for verification and comprehensiveness (Cooper and Schindler, 2003). Primary data was collected through personal interviews to top management and business line managers. These managers are intimately being involved in the change process. The interview guide was adopted from the Managing Change Questionnaire (MCQ), which has been used extensively to measure organizations' members agreement with fundamental propositions in the dimensions of the Managing Change model (Burke, 1988). The interview guide was also enriched from a research study by Mbogo (2003). The foremost objective of the instrument, as in (Burke, 1988) was not to test individuals in the strict, evaluative, academic sense but to stimulate thinking, confirm and or challenge existing assumptions and knowledge about fundamental aspects of leading and managing change, and enable respondents to view the abstract concept of change in more concrete and useful ways.

The interview discussions were written down separately for purposes of reference and analysis. Follow up conversations with the interviewees was also done.

Secondary data was obtained through reviews of internal documentation relating to the change management program.

CHAPTER 4: DATA ANALYSIS AND FINDINGS

4.1 Introduction

The interview guide was designed to stimulate thinking and to allow respondents to give detailed information on the change management process. Data was analyzed using Conceptual Content Analysis (http://writing.colostate.edu). This analysis was guided by six dimensions of the integrated change model. These dimensions are: individual response to change, general nature of change, planning change, managing the 'people' side of change, managing the 'organizational' side of change and evaluating the change effort. The theme code for factors influencing the change effort were culture, leadership, resistance, communication and knowledge of critical issues of change management. The content was then compared to determine the extent to which it collaborates and/or contradicts. Findings were then summarized into a report and conclusions made.

4.2 Profile of Tamoil Kenya Limited

Tamoil Kenya Limited, as a company, is one year old in Kenya. The entry of Tamoil into Kenya's petroleum industry was through the acquisition of the ExxonMobil shareholding in Mobil Oil Kenya limited. On 9th October 2006, ExxonMobil made an announcement to the effect that the global oil giant had signed agreements with Tamoil Africa Holdings, for the sale of shares in ExxonMobil companies in Senegal, Cote d'Ivore, Gabon, Cameroon, Kenya and Reunion. In Kenya, ExxonMobil had since 1997 been operating under the banner of Mobil Oil Kenya Limited. Tamoil Kenya is a subsidiary of Tamoil Africa Holdings, a growing international oil company that has her roots in Libya. The mission of Tamoil Africa Holdings Limited is "to invest in all aspects of the energy industry in Africa in an efficient and profitable manner, including upstream exploration and production of oil and gas, and downstream refining and distribution of refined products." Tamoil Africa Holdings adopts a multi-domestic strategy in the countries that the company operates unlike ExxonMobil's adoption of a global strategy. In line with this multi-domestic strategy, Tamoil Kenya vision is "to be Africa's leading and most respected partner in shaping African Energy and empowering African born prosperity."

The product lines of Tamoil are classified into three categories. The first category is the refined oil products derived from the refining of crude oil, such as petrol, diesel, heating oil, fuel oil, liquefied petroleum gas and jet-fuel. The other categories are lubricants and non oil products and services, such convenience retailing. In Kenya, Tamoil has interests in industrial and retail marketing, lease of storage and distribution networks, great lakes region supply and trading, and aviation. In the retailing sector the company's owns 83 service stations, across the country that are run by dealers and controls, as at the time of the study, 10% of the market share. In the petroleum storage and distribution network the company owns and operates in Mombasa a 47 million- litre seaport depot, a lube oil blending plant, and a 420 metric tones capacity liquefied petroleum gas plant. The company also owns and operates inland petroleum depots in Nairobi, Eldoret and Kisumu

The company employs 164 employees in her seven departments. The seven departmental managers report to the managing director who in turn is answerable to the head of Tamoil Africa Holdings. The company has also outsourced her non core activities to contractors. These activities include transportation, security, housekeeping, non-skilled labour and maintenance and repair. The company has her head office in Nairobi and other branch offices in Mombasa, Nakuru, Eldoret and Kisumu. As shown in Table 1, 62% of employees work at head office in Nairobi, 20% in Mombasa, 13 % at Nairobi depot while 5% are to be found in western Kenya.

Table1: Employee Distribution by Location

Location	No of employees
Nairobi (Head Office)	100
Nairobi Depot	22
Nakuru	2
Kisumu	3
Eldoret	4
Mombasa	33

The employees are distributed in the seven departments as shown in Table 2 below.

Table 2: Employee Distribution by Department

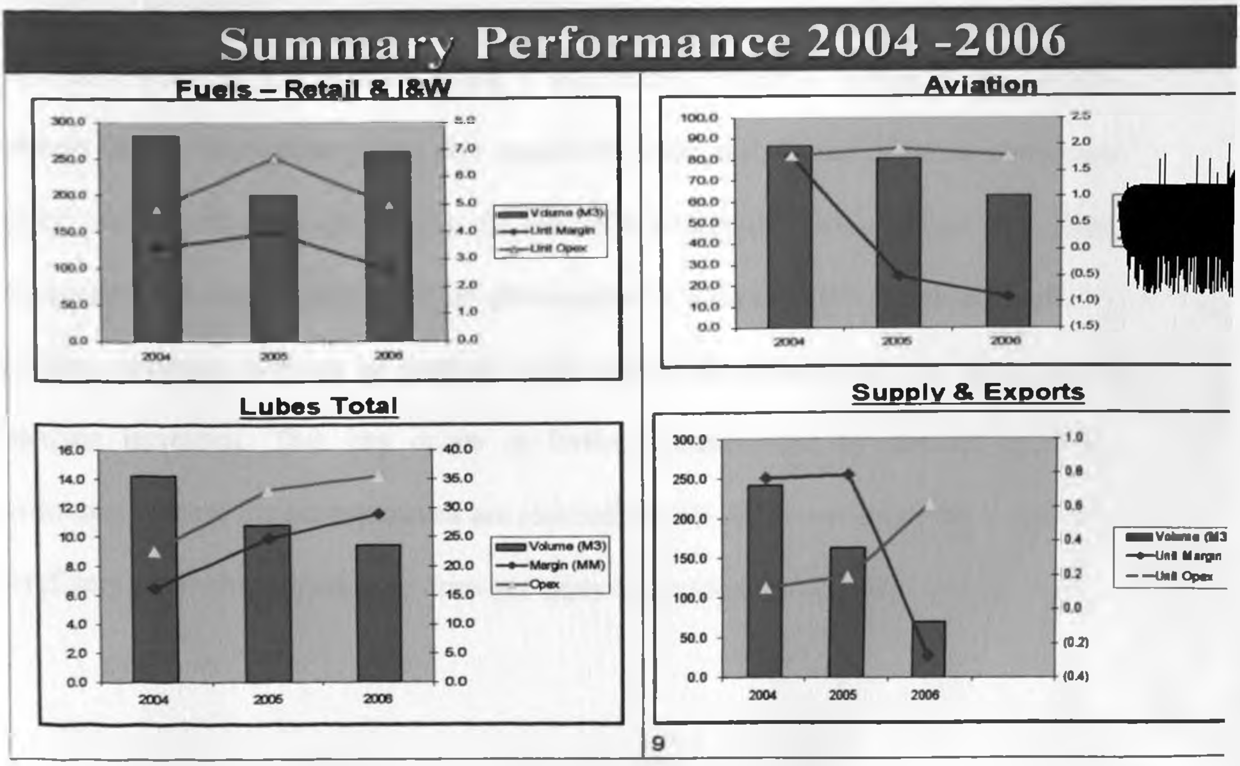
Department	No of employees	% distribution
Managing Director's office	2	1%
Supply and Distribution	68	42%
Sales and Marketing	35	22%
Aviation	7	4%
Accounting and Finance	25	15%
Technical and Engineering	13	8%
Internal Controls	2	1%
Human Resources and Public affairs	12	7%

The decision by ExxonMobil to divest out of Kenya was prompted by successive failure of several initiatives geared towards increasing profitability and meeting shareholders expectations. This is demonstrated in the financial and business information contained in the table 3 and table 4 respectively

Table 3: Summary of a 3 year Financial Performance

Description/ Year	2004	2005	2006
Kshs in Millions	Shs	Shs	Shs
Volumes - M litres	625	454	399
Sales	20,972	19,310	20,651
Cost of Sales	(19,390)	(18,137)	(19,683)
Gross Margins	1,582	1,173	968
Other operating income	288	296	272
Operating expenses	(1,447)	(1,559)	(1,497)
Operating (loss)/ profit	423	(90)	(257)
Finanacing income / (cost)	(135)	18	(62)
(Loss) / profit before income tax	288	(72)	(319)
Income tax expense	(152)	(2)	53
(Loss) / profit for the year KSHS	136	(74)	(266)
(Loss) / profit for the year KUSD	1.9	(1.1)	(3.8)
Market Share	12.0%	8.5%	10.6%

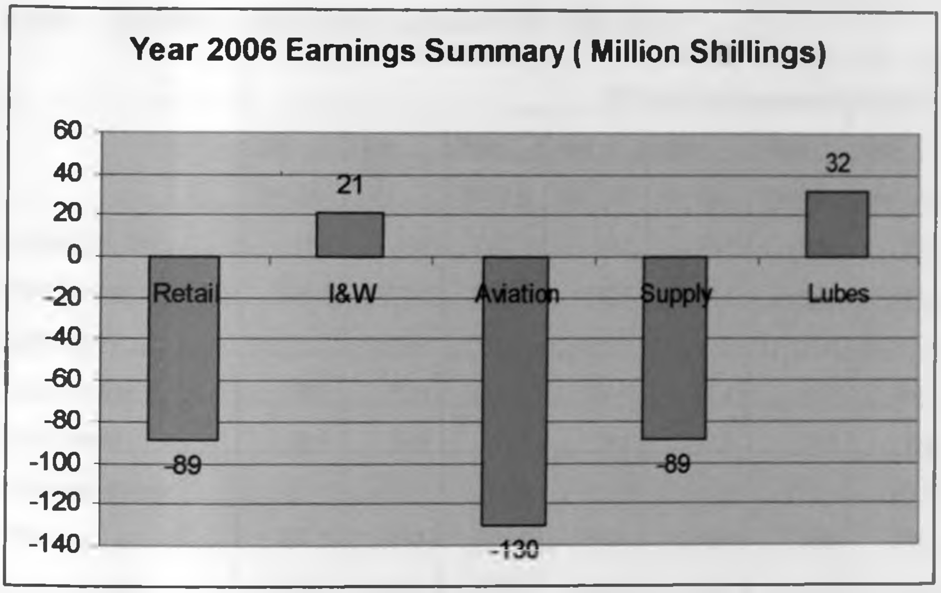
Table 4: Summary of a 3 year Business Lines Performance



As shown in Table 3, gross margins for the company has steadily declined from 1,582 million shillings in year 2004 to 968 million shillings in year 2006. The market share of the company has also declined from 12% in year 2004 to 10% at the time of the study. From Table 4, it is shown that while the operating expenses of the Aviation, and Supply & Exports business lines have been increasing over the last 3 years, the unit margins have literally collapsed.

A number of key drivers for this declining economic performance have been identified. These are: volatile crude prices in the international market, collapse of the aviation business in the world, a change in the taxation policy, government interference in the operating environment, competition, and the cost of capital employed in the business. The volatility of crude oil prices in the international market has made planning for inventory to be fraught with uncertainity. With the collapse of a number of airlines in the world as a result of the terrorist attack in the United States of America, the aviation business line in the company was also negatively impacted. Figure 3 below shows that the aviation business line recorded a net loss of 130 million shillings in the year 2006. The change in taxation policy by the government in August 2005 where all taxes for petroleum products were to be prepaid at the port of Mombasa, the cost of inventory financing increased. This key driver is further compounded by uneven operating environment where big oil companies are required by law to process crude oil at the local oil refinery while this requirement does not apply to the local independent oil companies.

Figure 3: Year 2006 company earnings.



The economic performance of the company was however observed to have changed for the better during the change management period. As shown in Table 5 below, the income after tax as at the end of September 2007 was a profit of 336 million shillings compared to losses of 74 and 266 million shillings in years 2005 and 2006 respectively. This income as at the end of September is tracking well ahead of plan of 120.4 million shillings. The cost of sales of 11,769 million shillings is tracking well below plan of 12,955 million shillings while operating expenses as at end of September are 100 million shillings below plan. The key drivers to this turnaround have been; increased focus on sales as a result of having one sales and marketing team unlike in the past where there was functionalized sales departments, weekly management reviews and advise of product cost to the sales team, monthly management reviews of margins and expenses, increased productivity through team work, empowerment of business line managers in decision making and increased focus by employees due to the fact that the new company is not a multinational

Table5: Business performance summary for year 2007

	2007 Business Performance Statistics									
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Ytd
	Shs' (M)	Shs' (M)	Shs' (M)	Shs' (M)	Shs' (M)	Shs' (M)	Shs' (M)	Shs' (M)	Shs' (M)	Shs' (M)
Volume - M- Ltrs	22.3	19.8	25.7	27.5	28.7	26.5	29.2	27.2	23.9	230.8
Sales Revenue	1,236.4	1,075.0	1,329.0	1,541.3	1,569.1	1,467.3	1,641.2	1,540.4	1,444.3	12,843.9
Cost of Sales	(1,057.5)	(978.0)	(1211)	(1,400.8)	(1,447.7)	(1,370.2)	(1,540.8)	(1,433.5)	(1,328.9)	(11,768.6)
Gross Margins	178.8	97.0	117.8	140.6	121.4	97.1	100.3	106.9	115.5	1,075.3
Other income	28.0	26.0	28.4	28.5	27.5	36.5	28.0	33.5	29.0	265.3
Operating expenses	(69.2)	(87.7)	(90.6)	(91.7)	(90.8)	(96.8)	(97.4)	(105.8)	(99.2)	(829.1)
EBIT	137.7	35.3	55.6	77.4	58.0	36.8	30.9	34.6	45.2	511.4
Interest expense	(21.4)	(20.9)	(22.8)	(20.0)	(17.6)	(15.9)	(16.5)	(17.1)	(16.9)	(169.0)
Forex - Gain/ (loss)	(77.4)	50.3	62.6	33.8	90.0	24.6	(55.8)	37.7	2.5	168.4
Income after tax	24.9	43.1	63.7	61.5	89.0	29.6	(31.4)	36.3	19.2	336.1
USD	0.4	0.6	0.9	0.9	1.3	0.4	(0.4)	0.5	0.3	4.1

4.3 Change Management Practices within Tamoil

Forces of Change

The top management and business line managers were in agreement that the force of change was mainly external as a result of change in shareholding of the company. Mobil Oil Kenya was prior to October 2006 owned fully by ExxonMobil corporation. When ExxonMobil sold her shares to Tamoil Africa Holdings on 9th October 2006, the ownership of the Mobil Oil Kenya changed, but the company continued to operate using the same trading identity. In the sale agreement, ExxonMobil allowed Tamoil Holdings to continue using the brand name Mobil until November 2007 when the re-branding exercise was expected to be complete. The change in shareholding therefore heralded the beginning of a number of changes namely; change in corporate identity; a culture change; change in strategic direction of the business and change in product brand.

The second reason for change was due to the new organizational leader who has introduced a new management style and new tools to give the company a face that is consistent with the new shareholders' expectations. Prior to the change, every departmental manager was answerable to two supervisors namely a functional supervisor in the regional office located in Belgium and an administrative supervisor who happened to be the local lead manager, the equivalent of a managing director. For example, Mr. Patrick Billy who was the Finance Manager for Mobil Oil Kenya, would report administratively to Mr. Robert Patterson who was the local lead manager and report functionally to Mr. Patrick Heinzle who was the Finance Manager for Africa and Middle East region. Mr. Robert Patterson on his part would double up as the head of fuel sales department and be the local lead manager. This organizational structure was further complicated by the fact that the local head of sales for aviation, marine and lubricants business lines did not report whatsoever to the local lead manager. It was thus common to find a situation where one customer would have his needs attended to by more than four sales executives. For example, for the fuels needs of Kenya Ports Authority four different sales executive would be involved: one for retail fuel sales of KPA vehicles, a second for commercial fuel sales for KPA's machinery, a third one for lubricants sales and a fourth sales executive for marine fuel needs for KPA's boats. The new leader of Tamoil Kenya, Mr. Kamel Jarnazi dismantled in one shot this functionalized structure and consolidated the sales department into one marketing department.

A third force of change was identified as increased competition. The decision of ExxonMobil to divest out of Kenya was prompted by successive failure of several initiatives geared towards increasing profitability and meeting shareholders expectations. The global business model pursued by ExxonMobil in Kenya was thus not suitable for the local environment and the corporation did not approve any modifications of the model to address the local environment challenges. For example: the highly functionalized organizational structure was not only expensive to run but was also very slow to respond to the forces in the local market; the customer service requirement that the company could not sell any of her products to walk-in customers meant that the company had locked itself out of the independent retail distributors market segment; very high operation standards in the company's depots meant that for instance no truck with tyres whose tread was less than three millimeters deep could access the depot and, finally a strict credit policy of payment by bankers cheque before delivery made the company unattractive supplier of petroleum products to many traders. Such a business model thus proved ineffective in a business environment that has seen increased competition. Thus if Tamoil Oil Limited was to reverse the poor economic performance of Mobil Oil Kenya, then it had to change the business model to be more appropriate for operating environment.

The change in shareholding of Mobil Oil Kenya limited meant that Tamoil Oil was going to launch a new product brand in the petroleum industry. Creating a brand is one thing, making it come alive to both external and internal stakeholders is another. Consequent to this, the company embarked on a brand development program that would culminate to a roll-out of a brand internalization program to the internal stakeholders and launch of the brand to the external stakeholders. As at the end of this study, the company had through the help of external consultants developed a brand strategy, chosen a number of employees as Brand Ambassadors and lined up a number of activities for launching the brand in October 2007.

The fifth force of change identified was culture. Organizational culture is the pattern of shared values, norms, and practices that help distinguish one organization from another (Conner, 1993). These values, norms, and practices provide direction, meaning, and energy for the organization's members (Schraedre and Self 2003). A number of cultural changes were identified during the period of this study. ExxonMobil is an American heritage multinational whereas Tamoil Africa Holdings is an Arabic heritage international company. Decision making process in ExxonMobil was quite elaborate and had to be cycled from the business unit to country level then to the regional office in Belgium and if need be to the global office in Texas. Decision making authority in Tamoil rests with the country's management and at times it is made using gut feelings. Diary keeping in ExxonMobil is a highly respected culture such that meetings and business travels are arranged well in advance and the dates adhered to religiously. In Tamoil Oil, diary keeping is almost impossible as meetings and business travels are scheduled at very short notices. Since Tamoil Oil inherited former ExxonMobil employees, then a cultural change was required so as to align organizational culture with strategy, or face almost certain strategic failure.

Change Content

All the respondents agreed that the acquisition of Mobil Oil Kenya by Tamoil Kenya Ltd had resulted in significant changes in four major areas. These areas are: the organization scope had changed from a global organization to a pan-African one; the organization structure had changed from a highly functionalized matrix organization to a non-functional integrated organization; the authority and approval processes have changed from a global external top-down approach to an internal autonomous process; and finally the change of brand. The brand has in one year changed from Mobil to Tamoil to Oilibya as shown in figure 4 below

Figure 4: Brand change sequence

From the foregoing the change content at Tamoil is seen to be involving two broad areas: internal and external branding, and change in strategic direction.

Internal and External branding

A Business Development Manager has been appointed to spearhead the branding process and consultants by the name Interbrand Sampson appointed with the brief of creating a Brand Strategy and more specifically create a Brand Internalization Programme to assist in the engagement of the brand.

Establishing the link between a business model and brand strategy is critical. Brand is one of the key ways that any organization actualizes its business aims and ambitions as it is a way of connecting people to the organization, and opening up a platform for dialogue and exchange (Causon, 2004). True branding goes to the very core of any organization. It provides a powerful tool that can unite and galvanize the entire organization, and help reinforce and promulgate the key business goals. Causon (2004), further states that internal rebranding is a long-term, high-risk dependency strategy that takes guts, commitment and buy-in from all stakeholders; it is not just the province of the marketing department; it essentially represents the spirit and culture of an organization. All the respondents in this study observed that the creation of the high profile position of the Business Development Manager and the appointment of a brand strategy consultant were right moves in internalizing the new brand. As at the end of September 2006, a brand strategy comprising of four pillars had been developed and approved by the company management. The brand is as shown in Figure 4 below.

Figure 5: Tamoil Brand Platform (Adapted From Interbrand Presentation of 30/09/2007)

The brand strategy is driven by the slogan " Shaping African Energy" and has four pillars of moving forward by creating a catalyst for empowerment; pursuing excellence by celebrating success, influencing life positively and passionately; being close by connecting with people; and nurturing brand leadership. A brand internalization program that has six objectives is to be rolled out to all employees in the month of October 2007 . The objectives are to: Ensure positive equity and associations are migrated to the new brand; Do justice to brand aspirations; Manage expectations; Build positive associations; Create personal relevance for the new brand for employees in their daily activities and; Ensure actionable, measurable commitments are made. In the external front, a launch of the brand is scheduled for October 31st 2007.

66% of respondents however, expressed pessimism on the success of the brand in the market. This response rate is consistent with the findings of an online employee survey where 65% of employees, as shown in Table 6, indicated that external communication to customers about the company is inadequate. The reasons given for the pessimism on the success of the brand were: the quick rate of change from Tamoil to Oilibya brand; and the perception in the market of the shareholding profile.

Change of Strategy

Tamoil adopts a multi-domestic strategy unlike ExxonMobil's adoption of a global strategy. This has then called for a change of strategic direction of the company. This has thus seen a number of change initiatives being introduced in the company. These changes as identified by respondents are: turnaround initiatives, changing from a functional organizational structure to a centralized structure, dissolution of joint venture operations with other oil companies, culture change and change of the organization routines. The dissolution of the joint venture with Kenya Shell on 1st August 2007 was cited as one of the bold moves that Tamoil Oil limited did in disengaging from any association with multinational companies and communicating to employees about the cultural shift the company intended the employees to follow.

A Change Manager has been appointed to coordinate the change process and consultants by the name "Altima Africa" appointed with the brief of developing a business strategy. The strategy development consultants brief has been to develop a-5 year strategic plan, an assessment of the impact of the change on the internal environment and the development of a transitional performance appraisal system. All the respondents were very aware of the brief of the strategy consultants. To engage all employees in the development of the strategy, the consultants have employed several techniques namely: confidential interviews with business line managers, supervisors and randomly selected employees; administering an anonymous on-line questionnaire to all employees; and workshops for top management. A section of the results of one of the employee survey results are as shown in Table 6 below. The employee survey had a response rate of 70% of the total population of 164 employees in the organization.

Table 6: Employee survey results

Survey Questions	Strongly agree (%)	Agree (%)	Disagree (%)	Strongly disagree (%)
I can see a clear path in the company	9.1	48.1	33.8	9.1
Strategy is clearly communicated	10.2	45.5	37.1	7.2
Company leadership provides clear direction about the strategic direction of the company	7.2	47.9	37.7	7.2
I am proud to work for this company	41	44	13.5	1.3
Training provided by the company is adequate	8.4	45.2	39.4	7.1
My performance is reflected in my rewards	6	47	31.1	15.9
Communication throughout the organization is effective	13.2	40.1	40.1	6.6
I am adequately informed of the company's intentions	5.3	39.1	49.7	6
External communication to customers about the company is adequate	3.4	32.2	47.7	16.8

It was noted that approximately half of the organization is dissatisfied with the way key elements of organizational change management are being managed. These elements are vision, communication of the vision, leadership, reward administration, training and information flow within the organization.

Individual response to Change

75% of all respondents indicated that initially during the introduction of the change programs, priority had been given to people issues compared to strategic and operational issues. This response rate is consistent with the findings of an employee survey where 85% of employees, as shown in Table 6, indicated that they were proud to be working for the company. These findings are indicative of success in management of people issues during the introduction of the change program. A model identifying three cycles that employees were bound to go through in responding to change was used to help employees cope with the demands of introduction of change. The model as shown below, indicates that employees were first shocked to learn that ExxonMobil would be divesting out of Kenya. This phase saw performance deteriorating and individuals trying to reconcile themselves with the change. Counseling sessions and regular 'ventilating' meetings were organized for employees and also the managing director wrote personally to each employee with an assurance that no one would lose his or her job as a result of the change. The wilderness and new beginnings phases have seen individuals reorienting and recommitting to change. Informal bonding sessions for employees such as evening football matches at Shell-BP sports ground, aerobics classes, impromptu birthday celebrations and mountain hiking have helped employees to start rediscovering themselves and ease tensions.

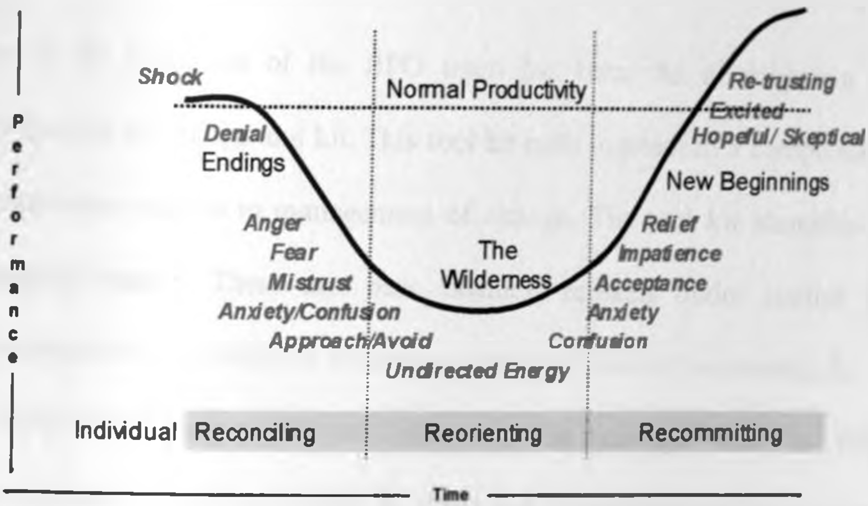


Figure 6: Change and Transition (Adapted from a Leadership Team Presentation on 16/10/2007)

Planning Change

All the respondents were in agreement that no formal vision of the organization has been documented yet, although it has been verbalized by the chief executive in various employees' forums. Thus a top-down change management approach has been highly visible during the initial stages of introduction of change program. However, the respondents indicated that the organization's top management team realized that there was no buy in of employees of the top down change management approach. Consequently a team code named "BPO" (Business Process Owners) was formed and the team drew her membership from across the organization. The mandate of the team has been and is still is to augment the planned approach to change management. It was observed that the members of the team are individuals who had earlier on been trained by ExxonMobil on management of change issues and had actually managed change elsewhere in other Africa countries where ExxonMobil had operated in the past.

One of the successes of the BPO team has been the development of an in-house management of change tool kit. This tool kit pulls together in a compressed document the requirements relative to management of change. The tool kit identifies eight pillars of managing change. These are: base business remains under control during change; ownership and accountability for change are clear; risks are evaluated; the change process is documented; approvals are obtained; the change and its implications are communicated; staffs are trained in time; and implementation of change is monitored. The BPO team meets after every two weeks and is chaired by the Training and Change Manager and all respondents agreed that the BPO had become a useful link between employees and management through three subcommittees of the BPO. The three subcommittees are: Communication; Rebranding; and Base business. These subcommittees solicit information, hold informal discussions with the rank and file of employees and feedback the same to the BPO.

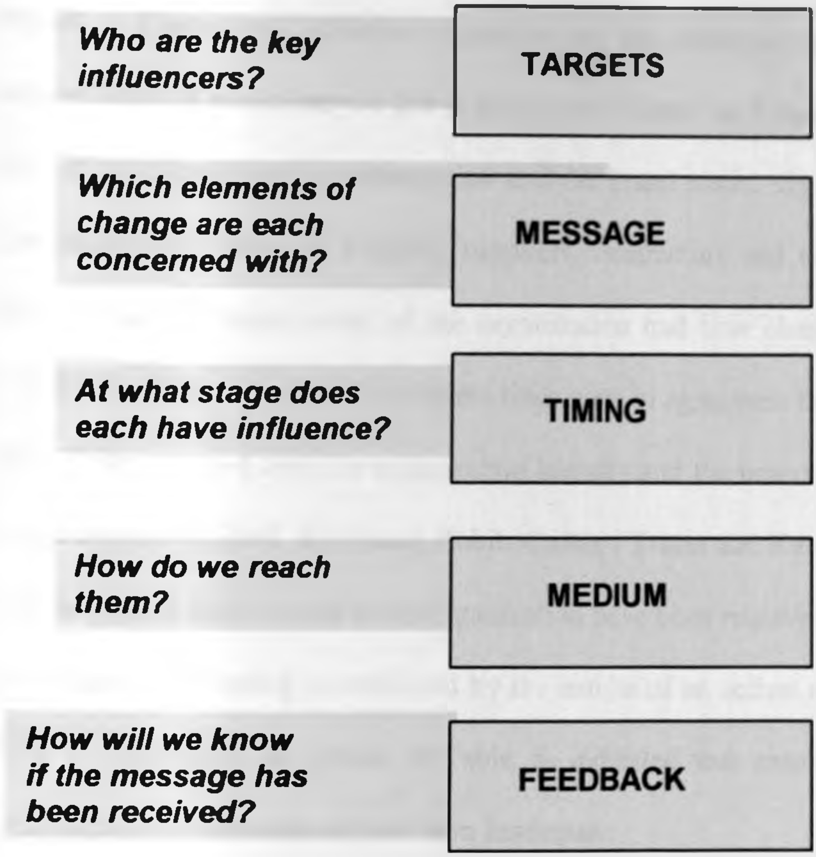
The company has also engaged a number of consultants to help in the organizational change management. The consultants involved and the brief of their assignment is as shown in Table 7 below.

Table 7: Consultants engaged in the organizational change management

Consultant / Partner	**Field of consultancy**
Interbrand Sampson	Brand Development (Corporate, Product and Destination). Internal Marketing program
Ogilvy & Mather	External Brand Communication Brand Launch and Public Relations
Altima Africa	Strategic Planning Sessions Performance Appraisal System

Managing the people side of change

Lack of clarity of the vision of the organization has been cited as a major demoralizing factor on employees. While the vision seems very clear to the shareholders and the top leadership, it is still hazy to the majority of the employees. Respondents indicated that a significant number of talented employees have as a consequence to this uncertainity about the future resigned from the organization and joined other firms like Kenya Shell, Total Kenya, Caltex, East Africa Breweries, Citi Bank, Gulf Energy, Solvochem, United Nations, AAR while other employees have opted to further their studies abroad. Additionally all respondents from the business line indicated that communication of the change content and change progress is inadequate. This is in spite of having a communication model adopted by the BPO team as shown below.



Respondents identified failure of this model as being in the elements of "Message" and "Timing". This is again traced to lack of clarity on the future state of the organization and the slow pace of making firm decisions regarding the choice of brand to be adopted in the market between Tamoil and Oilibya brands. Several media of communication that have been used were identified as, email, employee forums, informal sessions, supervisors' meetings and management meetings.

Communication to external key influencers namely, business partners, contractors and suppliers was observed to have been done through mail to individual companies and placement of adverts in three key print newspapers. This communication mainly addressed relational and contractual issues. The respondents agreed that the initial communication to business partners advising the change of the organization identity from

Mobil to Tamoil was effective in maintaining the confidence the partners had in the organization. It was observed that at this point in time, the name "Tamoil" had the dual role of the identity of the organization and the brand name. Six months after the initial communication, business partners, suppliers, contractors and the general public were advised that the brand name of the organization had now changed from "Tamoil" to "Oilibya". Respondents in the business lines were in agreement that it is a tradition in the oil industry to have both the organization identity and the brand name sharing common name as seen in Shell, BP, Total, Kobil, Caltex , Triton and Kenol. Consequent to this, people internal and external to the organization have been relatively confused by the pace of change. This finding is reinforced by the results of an online employee survey where 65% of employees, as shown in Table 6, indicated that external communication to customers about the company has been inadequate

It was observed that at the time of the study, preparations for the brand launch campaign into the open market were at an advanced stage.

Managing the organizational side of change

It was observed that the organizational structure had undergone 2 major and 2 minor changes in less than one year. Business lines respondents were in agreement that the change in structure from a functionalized organization to a non functional one was done earlier than it should have been thus resulting into the other three changes being done in quick succession to address the weaknesses that had resulted. Respondents cited the change of structure of the two former functional sales departments into one sale department as a very revolutionary change which destroyed in one short burst the functional structure of the organization. This rhythm of change has caused uncertainty, stress and anxiety among employees.

66% of respondents indicated that there are too many change programs being introduced to the extent that the company runs the risk of the base business not remaining under control during the change process. As shown in Table 6, 43% of employees cannot see a clear path in the company's intentions while 56% feel that they are not adequately informed of the company's intentions. It is indicative to note that a higher percentage of business line managers compared to employees is concerned with the number of change programs being introduced in the organization.

The use of acronyms was cited by all respondents as having been used well in disengaging the organization from the past. This is seen in changes of acronyms from, for example, SHE, OIMS, DOAG to HSE, OEMS and AAG respectively.

All the business lines respondents were in agreement that the sudden change of market brand and identity from Tamoil to Oilibya did unsettle employees, operational processes and nullified a number of business plans that had already been significantly progressed.

While all the business line respondents agreed that there have been attempts to reward achievements, 50% of the respondents however, indicated that there was no an assurance process for assessing progress at key milestones and identifying initiating remedial actions. This was attributed to the absence of a performance management system. This is evident from a bulletin published on 18th April 2007 by the Human Resources department which showed that while 42% of employees did not have up-to-date job descriptions. 93% on the other hand had not signed performance contracts. Performance contracts ought to have been signed as at 1^{st} March 2007.

A new performance reward system to be linked to the performance appraisal system was at the time of the study being pilot tested.

Celebrations of the change program successes have been seen in employee of the month program, departmental outings and recognition of outstanding individuals in the monthly business performance supplement.

4.4 Evaluating the Change effort

It is observed that both planned and emergent approaches to change management models are evident in the management of the change process at Tamoil Oil limited. In 1995, Kotter established an eight step model that identifies critical mistakes in the process of change and posited that a change process goes through a series of phases that in total, usually require a considerable length of time. The eight steps are: establishing a great enough sense of urgency; forming a powerful guiding coalition; creating a vision; communicating the vision; empowering others to act on the vision; planning for and creating short term wins; consolidating improvements and producing still more change, institutionalizing new approaches. This model has been used to evaluate the change effort at Tamoil Oil limited.

As it has been shown in this study, the years 2004, 2005 and 2006 the company was operating at a loss. This was however not a concern to many employees due to the fact that the company was an affiliate of a giant multinational. However, with the change of shareholding of Mobil oil Kenya to Tamoil Oil, the comfort of being part of a multinational vapourized. This realization that if the local company continued being unprofitable then the new owners would easily wind it up was an awakening call to all employees. The chief executive has thus been successful in galvanizing all employees in owning up the business through the formation of the BPO team. Employees have thus been in the forefront of improving processes to reduce operating costs and the sales team have upped up it's performance. The success of this galvanization is seen in the improved monthly profitability of the business for the year 2007 as shown in Table 5. The profitability of the business was at 336 million shillings as at the end of September 2007. It is thus seen that the realization that employees could all be negatively impacted if the company wound up has created a sense of urgency in turnaround the business.

One of the forces of change identified in this study was the new organizational leader who has introduced a new management style and new tools to give the company a face that is consistent with the new shareholders' expectations. The new chief executive is seen as a change agent. He came from outside the ExxonMobil sphere and as such he is able to look at the company processes with unbiased eyes. He understands the vision of the organization and he has verbalized it at every opportunity. The chief executive is thus seen as a major force in giving direction and rallying his management team towards turning around the company.

Tamoil Kenya vision is "to be Africa's leading and most respected partner in shaping African Energy and empowering African born prosperity". This vision has been verbalized by the chief executive in various employees' forums although it has not been documented yet. The mechanics of putting clarity on this vision to enable the achievement of the same have been found to be lacking. Inadequate and less effective communication has been cited as a major factor that is impacting on the change management process. As shown in Table 6, 45% of employees indicate that they are not clearly informed of the strategic direction of the company while 65% have indicated that communication even to external stakeholders has been less effective.

This study has shown that a higher percentage of business line managers compared to employees is concerned with the number of change programs being introduced in the organization. These many changes and the lack of clarity on the vision are seen to be impacting negatively on the managers' ability to act on the vision. It was however, noted that the objective of turning around the business into a profitable outfit is being shared across all the business lines and the business line managers are now freer to make innovative decisions towards improved business profitability. In the past during the ExxonMobil era, business line managers did not have the flexibility of innovation since the business model then was to implement decisions as they were from the global office.

It has been shown in this study that the company management now meets once every week to purposely review and advise of product cost to the sales team so that the sales executives are under constant pressure to sell product at positive margins. Previously, the review of product cost was being done once every month. It has also been shown that there is a monthly management review of margins and expenses where each sales executive and operation managers are called upon to defend their individual and team performance in steering the business to profitability. These initiatives have increased pressure on all employees and have thus served to consolidate short term wins. These wins are clearly visible in the monthly business performance as shown in Table 5. It was however observed that the number of changes being introduced are too many for the business in the first year of change management. The four changes that have been carried in the organizational structure have been shown to having destabilizing effect on the base business lines due to the handover processes involved.

One year, after the change program commenced it was observed that heritage ExxonMobil manuals for business lines are still in use. These manuals are for customer service, controls, operation procedures, information system, human resource management and accounting. An observation is thus made that the new ways of doing things are still not entrenched in the business guidelines. There is a danger that unless the changes seep into the bloodstream of the corporate body guidelines the wins that have been realized can easily be lost. The success of the change program has been found to be revolving around the chief executive who, has continued to play role of the change agent. It is observed that there is need to make sure that the current and the next generation of top management really does personify the new approach brought about by change otherwise in the absence of the chief executive the change effort can fail. The loss of experienced personnel to competition over the last year is seen as having impacted negatively on the succession plan of the organization.

CHAPTER 5: SUMMARY, CONCLUSION AND RECOMMENDATIONS

The objectives of this study were to establish:-

i) Change management practices within Tamoil.

ii) Evaluate the change management process in light of the models of change management.

5.1 Summary

This study set out to establish change management practices within Tamoil Kenya and evaluate the change management process in light of the models of change management. The organizational change at Tamoil Kenya is still at infancy stage having now been implemented over the last one year. It is shown that the organizational change has been characterized by a lack of clarity on the future state of the organization, an overemphasis on changes to structures, simultaneous introduction of relatively many change programs, and mild staff resistance.

The factors that have adversely impacted on the reform effort are: lack of clarity on the future state of the organization, an overemphasis on changes to structures; simultaneous introduction of relatively many change programs; and inadequate communication. Other factors influencing the performance of the change management are leadership, knowledge regarding important aspects of change management on the part of managers, change in culture and mild resistance by organizational members.

The management of the process elements of change management has been identified to be impacting on the performance of the change initiatives. Although more than 80% of all employees are currently proud to be working for the company, 45% of them are however not clear on the vision and strategy of the company while 55% feel that they have not been adequately communicated to regarding the vision of the company. Company leadership is thus seen not to be providing a clear direction about the strategic direction of the company.

The organizational change is still at infancy stage having now been implemented over the last one year. This notwithstanding, a number of successes of the change programs are observable. These are: improved profitability of the business, continued good performance of the company's safety, health and environmental record, minimal disruption of the base business during the change and an increased empowerment of business line managers. On the flip side, a number of failures are evident. These are; loss of experienced human resource, lack of clarity in the future state of the organization and, too many changes being introduced simultaneously.

5.2 Conclusion

It comes out strongly that Tamoil has borrowed a lot from the change management models discussed in the literature review. The three step model of "Reconciling, Reorienting and Recommitting" that Tamoil has used to manage individual employees response to change, is akin to Lewin's three step change management model of "unfreeze, mobilize and refreeze". A planned approach to change management is evident in the role of the new organizational leader who has introduced a new management style and new tools meant to give the company a face lift. Management of change at Tamoil has also been done through: use of teams led by the main team code named BPO; and application of a management of change tool kit. These styles are consistent with the theoretical change management models discussed in the literature review.

It is also noted that structural changes have preceded development of strategy. This explains why the organizational structure has undergone 2 major and 2 minor changes in less than one year. The organization was found to have an adequate capacity for change since the base business has continued to operate smoothly. However, the revolutionary change of the organizational structure of the two former functional sales departments into one sale department was observed to have disoriented employees and caused anxiety. Although it is evident there are models of change management being used in Tamoil, the management of the process has been a big challenge. The challenges are evident in the pace and rhythm of change, management of the factors affecting the performance of the change programs, changing of organizational structure ahead of strategy development, balance between planned and emergent approaches to change management. The overemphasis on changes in the organization chart and coming prior to change in strategy is considered detrimental to the success of the change program. Other levers of a change process like the information system and reward system have not received adequate attention. A 5 year strategic plan and a brand strategy were at the time of the study being developed with the help of external consultants.

5.3 Recommendations for further research

The organizational change at Tamoil Kenya is still at infancy stage having now been implemented over the last one year. It is recommended that a validation of the findings of this study with responses from the employees' rank and file, customers, suppliers, contractors and competitors be done at a later future date. It is also recommended that an evaluation of the success or failure of the change program be carried out in future.

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Appendix 1

Interview Guide

This interview guide is designed to collect views on the change management process of the Tamoil Kenya, which has been implemented since 2006.

Section A: General Information

1.	Interviewee name (optional).
2.	Position

Section B: Individual Response to Change

1. Has the change effort been invariably resisted?

a) Yes

b) No

Please provide the sources of resistance ....

....

2. Please describe how change programs have been introduced in the organization.

....

....

3. How has resistance to change been managed in the organization?

a) ....

b) ....

c) ....

Section C: General Nature of Change

1. Despite differences in change specifics, are their certain clear patterns that have typified all past and present change efforts in the organization?

a) Yes

b) No

Please give details...

....

2. Which of the change programs have been effective?

a) The ones implemented using significant and dramatic steps (or "*leaps*")

b) The ones implemented using moderate incremental steps?

c) Both (a) and (b) above.

d) None of (a), (b), and (c).

Section D: Planning Change

1. What forces necessitated change at Tamoil?

a) ....

b) ....

c) ....

2. Was a vision developed in the change process?

a) Yes

b) No

If applicable, please describe the process of the vision development........................

....

....

3. Generally would you agree that a highly effective, early step in managing change is to surface dissatisfaction with the current state?

a) Yes

b) No

Please explain your answer...

4. Were there specific teams mandated with the responsibility to implement the changes?

a) Yes

b) No

Please give more details on team selection, mandate and authority..

....

....

5. Is the general nature of the future state of the organization clear to all employees?

6. Has there been interdepartmental conflict of priorities?

a) Yes

b) No

c) Please give details and how the conflicts were resolved....................................

....

7. As a Leader do you find it more difficult to change organizational goals than to change the ways to reach those goals?

Please explain..

....

Section E: Managing the 'People' Side of Change

1. In the change process, which of the two (a and b below) has been the most difficult aspect to conduct?

a. Determination of the organization's future state

b. Driving the organization towards the future state

Please list the difficulties encountered ....

....
2. How has the change effort been communicated in the organization? .... a. Describe briefly the medium and content of the communication ....
3. Briefly comment on how effective the communication has been in supporting the change programs. ....
4. Briefly explain how employees have generally coped with the demands of the change programs (e.g., handling loss, disengagement from past, embracing the future). ....
5. To help employees cope with change, have there been efforts to influence the employees as a. Individuals? b. Groups? c. Both as individuals and groups? Please give details ....

Section F: Managing the 'Organizational' Side of Change

1. Has the change program affected either structures, systems, processes, products or culture? a) Yes b) No Please list the specific changes that have affected structures, systems, processes products or culture ....
2. Describe who in the organization has been involved in planning the change programs(e.g. Departmental heads, business line managers, supervisors) .... a) Has external consultants been involved in the change program? If applicable please describe their

nature of involvement. ....
....
....
3. What barriers has the change program encountered towards the achievement of the end state ? .... a) How have these barriers been managed? .... b) Has the pressure towards achievement of the end state determined the way the barriers described above have been solved? ....
4. Briefly describe what symbols, slogans or acronyms that have been used to represent organizational change? ....

Section G: Evaluating the Change Effort

1. Briefly comment on the statement: "A reduction in the organization's problems represents clear cut evidence of progress in the change effort". ....
2. Have the organization members expressed, at any one time, frustration about a lack of progress regarding the change effort? a) Yes b) No If applicable what were the frustrations? ....
3. Briefly explain how organizational members have been given feedback regarding the progress of the change effort. ....
4. What role has the reward system played in supporting the change effort? ....

Section H: Factors that have influenced the Change Outcome.

1. Please describe, in order of importance, the factors that have influenced the change performance (Focus on culture, resistance, leadership, communication and knowledge of change management issues).
   a) ....
   b) ....
   c) ....
   d) ....
   e) ....
2. Please describe, in order importance the achievement of the change programme.
   a) ....
   b) ....
   c) ....
   d) ....
   e) ....