MANAGEMENT OF STRATEGIC CHANGE AT THE COOPERATIVE INSURANCE COMPANY OF KENYA LIMITED

BY:

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A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION DEGREE, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

JULY, 2008

DECLARATION

This research project is my original work and has never been presented in any other University or College for the award of degree or diploma or certificate.

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Otwori Jones Micah

Reg. No.: D61/ P/8516/2005

Date: 20-11-2008

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

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Date: 20-11-08

ACKNOWLEDGEMENTS

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ABSTRACT

This research was designed to investigate into the management of strategic change at the Cooperative Insurance Company of Kenya Limited. The study sought to achieve two objectives. The first objective was to determine the strategic change management process at the Cooperative Insurance Company of Kenya, and the second was to establish the challenges involved in the management of strategic change at the company. To achieve these objectives, the study was carried out through interviews using an interview guide in which Divisional Managers and various Branch Managers were targeted. Of the eleven respondents who were targeted, ten participated in the study hence achieving a response rate of 90.9%.

The findings of the study showed that the company has undertaken both structural and strategic changes. The structural changes were necessary in order to accommodate tremendous growth over the last five years. The changes involved the review of the organizational structure from a hierarchical to a flat one and the grouping of main business divisions. This resulted into the establishment of new positions in the company and merging of others. The company's strategic changes were guided by the 2004-2008 strategic plan. The changes involved adopting the Balanced Score Card as a strategic tool to develop a road map for the development of the company; amending of the corporate vision and mission, from taking the company to the top six insurers to focusing the company for the number one position in the industry, and the introduction of Performance Management as a tool for realizing growth among others.

In initiating both the structural and strategic changes that have been implemented at CIC, the study findings established that most of the changes were planned. The changes were introduced through a carefully managed communication of the need for change in which all the staff in the divisions were made aware of the situation in the company and the need for change in order to deal with the market environment. The changes were communicated by the Board and CEO, while Divisional Managers carried out the implementation through further communication and training of Heads of departments (HODs). There were, however, instances the respondents indicated that changes were not planned.

The study findings also showed that organizational culture was the main challenge that was involved in the management of change at CIC. The culture was described as being too conservative and egocentric. This cultural fabric contributed a great deal to behavioral resistance to change, which respondents indicated was very high. It was established that the high resistance was manifest when outsiders were recruited to fill some top level positions as part of the succession planning, yet employees from within the organization felt they deserved the positions. Systemic resistance was also identified as a major challenge in managing change at CIC. Lack of adequate funding was cited as the major source of systemic resistance, which constrained the hiring of adequate staff in various positions to implement the desired changes. It was generally concluded that changes at the CIC were on a sound track albeit not all targeted areas had effectively been tackled.

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CHAPTER ONE: INTRODUCTION

1.1 Background

1.1.1 The Management of Organizational Change

Organizations exist as open systems and hence they are in continuous interaction with the environment in which they operate. The environment in which the organizations operate is never static. All organizations lend themselves to this environment which is highly dynamic, chaotic, and turbulent that it is not possible to predict what will happen and/or when it will happen. Consequently, the ever-changing environment continually presents opportunities and challenges. To ensure survival and success, firms need to develop capability to manage threats and exploit emerging opportunities promptly. This requires formulation of strategies that constantly match capabilities to environmental requirements. Success therefore calls for proactive approach to business (Pearce and Robinson, 2000).

Stickland (1998, as quoted in Burnes, 2000), draws on systems theory to emphasize the way that organizations are separate from but connected to their environment. He argues that a system has an identity that sets apart from its environment and is capable of preserving that identity within a given range of environmental scenarios. Systems exist within a hierarchy of other systems. They contain subsystems and exist within some wider system and all are interconnected. Burnes (2000) also quotes Finstad (1998) as putting this issue in a wider context by arguing that 'the organization is the creator of its environment and the environment is the creator of the organization.' This reciprocal relationship between an organization and its environment clearly has profound implications for how organizations conceptualize and manage change.

Perhaps the biggest challenge to managers today is the issue of how organizations can cope with both the dynamic environment in which they operate given the constraints, challenges, and threats. At any one point in time, some organizations are experiencing extreme turbulence whilst others appear to operate in relatively stable environment. The period when certainties held good has been replaced with one where the pace and

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uncertainty of change varies from company to company, industry to industry, and country to country. Whether because of economic, technological, or social factors, organizations are faced with a period of rapid and unprecedented changes (Burnes, 2000).

Johnson and Scholes (2002) note that there is no one 'right formula' for the management of change. The success of any attempt at managing change will also be dependent on the wider context in which that change is taking place. Balogun and Haley (1999) (as quoted in Johnson and Scholes (2002)) build on this point to highlight a number of important contextual features that need to be taken into account in designing change programmes. They include the time available for change; the scope of the change required; the need and degree of preservation of certain aspects of the organization; the nature and extent of diversity in the organization; the capability in managing change; the capacity for change; degree of readiness for change; and the amount of power wielded by change leaders to lead change in the organization.

Therefore, Johnson and Scholes (2002) propose that different styles of managing change are likely to be necessary according to different contexts and in relation to the involvement and interest of different groups. The styles include education and communication; collaboration/participation; intervention; direction; and in most extreme form, coercion. They point out that these styles are not mutually exclusive and that different stages in the change process may require different styles of managing change. They further identify levers managing change as the importance of changes in structure and control; the need to change organizational routines and symbols, and the importance of political processes, communication among other change tactics.

Many organizations have in recent times faced turbulent and rapid changing external conditions that are translated into complex, chaotic, multifaceted, fluid, and interlinked stream of initiatives affecting work and organizational design, resource allocation, and systems and procedures in a continuous attempt to improve performance (Huczynski and Buchanan, 2001). According to Burnes (2000), the magnitude, speed, unpredictability, and impact of change in the external environment are greater than ever before. Local markets are becoming global markets; protected markets are being opened up to fierce competition and as a result, organizations both private and public, large and small, have suddenly felt the pressure to improve on their products and services, and the efficiency and effectiveness with which they are offered to meet world standards and customers' expectations. Businesses have had to rethink their approach towards management and search for new concepts and methods that give guidance in this turbulent environment. In fact, change has become an enduring feature of organizational life. The Cooperative Insurance Company of Kenya (CIC) is one such organization that has undergone change in order to be responsive to the changing business environment.

Change is the single most important element of successful business management today. To remain competitive in increasingly aggressive markets, organizations (and individuals in them) have to adapt a positive attitude to change. Over a very short time span, most organizations and their employees have experienced or are experiencing substantial changes in what they do and how they do it. According to Burnes (2000), change comes in all shapes, sizes and forms and, for this reason it is difficult to establish an accurate picture of the degree of difficulty organizations face in change, which, because of their perceived importance, have received considerable attention.

Consequently, change has become an enduring feature of organizational life. Few people, if any, currently working in the public, private or voluntary sectors can claim to have been untouched by either the pace or direction of organizational change in recent years. Managers, either in the private or public sector are finding it difficult to make sense of the business environment in which they operate. One of the reasons for this is the speed of change. Managers typically feel that the pace of technological change and speed of global communication mean accelerated change now than ever before. Yet, it is the crucial responsibility of managers to ensure the organizational capacity to survive within the chaotic environment; a feat to be achieved through managers adapting their organizations to the changing environment (Rose and Lawton, 1999; Johnson and Scholes, 2002; Pearce and Robinson, 2000).

Ansoff and McDonnell (1990) observe that changes have become increasingly complex, novel, and discontinuous from past experience. Equally, the change challenges have increasingly become simultaneous; the need for revival of entrepreneurship for response to the increasing intensity of global competition and for societal involvement in determining how the firm is to be run is more critical than ever before. Another characteristic has been acceleration of both incidence and diffusion of change. Ansoff and McDonnell summarize the consequences of the acceleration of change as: an increasing difficulty in anticipating change sufficiently in advance to plan timely response; the need for increased speed of implementation of the response; and the need for flexibility and timely responses which could be anticipated in advance.

Strategic change arises out of the need for organizations to exploit existing or emerging opportunities and deal with threats in the market. It is crucial that organizations seek to create a competitive advantage and wherever possible innovate to improve their competitive positions. This implies the readiness to change within the organization and the ability to implement the proposed change. Managing strategic change is about managing the unfolding non-linear dynamic processes during strategy implementation. It involves change or alignment and re-alignment of policy, systems, styles, values, staff, and skills of an organization to realize a strategy. Management of strategic change is therefore how to create conditions that make proactive change a natural way of life. (Ansoff and McDonnell, 1990; Thompson and Strickland, 2003).

1.1.2 The Cooperative Insurance Company of Kenya Limited (CIC)

The Co-operative Insurance Company of Kenya Limited (CIC Insurance) was established in 1978 and was formerly known as Co-operative Insurance Services Limited ("CIS"). The idea of introducing co-operative insurance in Kenya was conceived in the 1960's by the Kenya National Federation of Co-operatives (KNFC). An insurance agency was started in 1972 with a few societies and a minimal premium income. In 1975, The Co-operative Insurance Society of Kenya was registered under the Co-operative Societies

Act to offer insurance Services to Co-operatives. For legal reasons it was converted to a Company, CIS, which began business in December, 1978.

In 1999, the Company name was changed to The Co-operative Insurance Company of Kenya Limited ("CIC"). The name change was part of the Company's market repositioning strategy. "CIC" is the Company's registered trade mark. The Company underwrites both Life and General classes of insurance and offers its services to both the Co-operative Movement and the general public. The company is wholly owned by the co-operative movement in Kenya. Indirectly CIC Insurance has the largest ownership base of any insurance company in Kenya.

The forces of globalization and fierce competition have prompted most organizations, CIC inclusive, to rethink their approach towards management and search for new concepts and methods that give guidance in the turbulent environment. However, because of contextual differences that are brought about by different forces in an organization's operating environment and its unique internal requirements, different organizations adopt different approaches in managing whatever change that may be necessary to move the organization from the undesired state to the desired state. The Cooperative Insurance Company of Kenya Ltd is contextually different and the approach(es) it has adopted to initiate and manage change in order to be responsive to the changing business environment would be reflective of such a difference. Further, the challenges faced in the management of the initiated changes would be unique to it.

1.2 Statement of the Problem

Every change comes in its unique way and its successful implementation is related to the set of values, resources, and skills of the firm and the demands of the prevailing environment. Change can cause painful upheavals, bring anguish, inflict a feeling of loss of control, stir a sense of helplessness and arouse anxiety. Strategic change can be seen as the matching of the resources and activities of an organization to the environment in which it operates. This is known as the search for strategic fit. Change in organizations usually result out of either internal or external environmental factors that interfere with the achievement of set goals and objectives (Kanter, 1984; Hamel and Prahalad, 1994; Kotter, 1996).

In its first strategic plan (1999-2003) it was pointed out that CIC' strong market share in the cooperative sector was under threat from competitors who continue to make in-roads into the sector. Further, it was noted that CIC' s operating environment was fast changing which necessitated that the company acquire an internal capacity for proactive planning and self control by setting performance standards and putting in place a mechanism for continuous monitoring and evaluation. The 1999-2003 strategic plan was an attempt by the company to be proactive in its performance management and be in control of its activities. The successful implementation of this plan saw CIC grow and expand tremendously. The 2004-2008 strategic plan was developed with one of its thematic concerns being to transform the organization to accommodate the fast and vast growth of CIC and adapt to the changing operating environment. This study is designed to investigate into the approaches adopted by CIC to manage the envisioned change and the challenges faced thereof.

In the literature, there is evidence from researchers and practitioners that organizational change management is a useful tool to facilitate successful cultural transformations to ensure that the outcome of the change initiative is positive. Whereas a number of studies have been done on strategic change management (Nyamache, 2003; Ogwora, 2003; Rukunga, 2003; Kasima, 2004; Mutuku, 2004; Mbatha, 2005; Nyalita, 2006; Kisunguh, 2006; Muturi, 2006, Kiini, 2007; and Njiru, 2007 among others), none of the studies has focused on approaches to the management of strategic change and the challenges involved in an organization similar to CIC, which is mandated to offer insurance services to co-operatives in Kenya. It is this perceived knowledge gap that this study endeavored to narrow. The study specifically addressed the following questions:

i. How has CIC managed and implemented the envisioned changes?
ii. What have been the challenges to the management of strategic change at CIC?

1.3 Objective of the Study

The objectives of this study were:

i. To determine the strategic change management process at the Cooperative Insurance Company of Kenya,

ii. To establish the challenges involved in the management of strategic change at the company.

1.4 Significance of the Study

The findings of this study will be of importance to a number of groups and individuals. They include the following.

i. The study will be able to bring to light the various practices for managing strategic change in a typical insurance company and enable the management of such an organization point out effective practices for further enhancement and duplication elsewhere.

ii. The findings of the study will bring to light the sources of the challenges to the change initiative for management to be well prepared to handle and mitigate them.

iii. Upon evaluating the findings of the study, managers and staff of CIC will be able to understand how to manage change and better align it with its internal resource capabilities and competencies.

iv. Managers of other like organizations will have important lessons to learn from the findings of this study which they will find useful when undertaking change in their respective organizations.

v. Future scholars will benefit immensely from the findings of this study because they will adopt the recommendations made to advance further studies in other organization or will use the study for academic reference purposes.

1.5 Scope of the Study

The conceptual scope of the study will be limited to change management practices and challenges at the Cooperative Insurance Company of Kenya Ltd. Literature review will be obtained from various sources both theoretical and empirical.

Contextually, the study will be limited to the Cooperative Insurance Company of Kenya Ltd Head Office in Nairobi and its Regional offices. It will involve top level management drawn from both divisional and corporate level management (Divisional and Regional Managers).

CHAPTER TWO: LITERATURE REVIEW

2.1 The Concept of Strategic Change

Hill and Jones (2001) see strategic change as the process of moving an organization away from its present state towards some desired future state to increase its competitive advantage. They observe that most organizations have gone through some kind of strategic change, as their management has tried to strengthen their existing core competencies and build on ones to compete more effectively. Reengineering, restructuring, and innovation have been the three kinds of strategic changes pursued in the recent times. Strategic change aims at aligning structures, systems, processes, and behavior to the new strategy.

Strategic change arises out of the need for organizations to exploit existing or emerging opportunities and deal with threats in the market. It is crucial that organizations seek to create a competitive advantage and wherever possible innovate to improve their competitive positions. This implies the readiness to change within the organization and the ability to implement the proposed change (Ansoff and McDonnel, 1996). According to Hardy (1994), managing strategic change is about managing the unfolding non-linear dynamic processes during strategy implementation. It involves change or alignment and re-alignment of policy, systems, styles, values, staff, and skills of an organization to realize a strategy (Thompson and Strickland, 2003). Management of strategic change is therefore how to create conditions that make proactive change a natural way of life.

Prasad (1989), on his part points out that the need for change will be determined by factors that may be internal or external to the organization. He notes that identification of the need for change depends on gap analysis, that is, the gap between the desired state and the actual state of affairs in the firm. The elements of the organization that should be changed will largely be determined by the needs and objectives of the change. He adds that normally, changes will be required in three major organizational elements: structure, technology, and people. Aosa (1996) emphasizes on the need to synchronize the management of change with the context within which such a change is being carried out. He observes that the unique environmental challenges that make up the context of management in Africa especially needs to be considered. The developments that took place in management reflected changes mainly within developed countries. The context of management in Africa has been shown to be different and this has had an effect on management.

2.2 Forces of Change

2.2.1 External Forces

Kotter (1995) lists major economic and social forces driving change as: the increasing pace of technological changes that is hinged on the information technology and a more developed transport network, greater international integration through greater liberalization and reduction of trade barriers, maturity of markets in the developed countries and stagnation of growth hence the trend towards seeking international global markets for opportunities. The fall of communism and socialism also catalyzed more privatization and heralded increased competition. The resultant effect according to Kotter has been globalization and increased competition. Globalization has diminished the shield or insulation that firms formerly enjoyed. This therefore means that organizations have, more than ever before, been subjected to global challenges of liberalization, competition, and a myriad of other challenges that have made change in the way of doing things inevitable.

Kanter (1984) and Johnson and Scholes (2002) identify labor force, patterns of world trade, technological changes and political re-alignment as external factors that bring about phenomenal change. The imbalance in supply and demand of the labor force necessitates that organizations adopt new approaches to recruitment and retention of employees. Patterns of world trade lead to emergence of competitive and market dynamisms, which pose challenges to organizations with respect to how they identify emerging trends and respond with appropriate and relevant strategies. Technological changes lead to emergence of new technologies which makes previously applied technologies obsolete. This makes it inevitable for organizations to adapt their operations to new technologies so as to ensure their continual survival. Political re-alignments world over come with changes which impact on organizations' internal operations. Legislative issues and political instabilities affect organizations to different degrees and therefore the need to assess these impacts and institute appropriate responses to adapt accordingly. The phenomenal change brought about by these external factors has impact in the overall organizational functioning.

The forces mirror those advanced by Kotter (1995) with the only difference being that Kanter adds the people dimension (labour). This may be for good reason given that she appears focused on the response to the changes. Her solution lies in the people to make decisions in response to the changes. Interestingly, even though Kanter's observations were made in 1984, five years before the collapse of communism and socialism that was central to the end of the cold war, the mention of political forces by Kanter gives concurrence to the reason advanced by Kotter (1995) on the influence of politics on business.

Ansoff and McDonnell (1990) state that the environment can either be relatively stable or turbulent. Ansoff and McDonnell categorize the environment turbulence into five levels that are on a continuum: repetitive, expanding, changing, discontinuous, and surprise. Each of these levels requires different levels of strategic aggressiveness and organizational responsiveness. A change in a firm's business environment is one of the triggers for strategic change in an organization. Other triggers include temporal environment such as change in agricultural climate and internal triggers such as changes in people. Dawson (1994) maintains that internal and external triggers are often interdependent. Organizational change is therefore an ever-present feature in organizational life. Organizational life consists of periods of incremental change or convergence punctuated by discontinuous changes. During incremental change, organizations either fine-tune and/or carry out incremental adjustments to environmental shifts to perform more effectively and optimize their consistencies between strategy, structure, people, and processes. However, when there are discontinuous changes in the environment, then frame-breaking changes take place and they involve major changes in strategy, structures, processes, and people behavior (Thomson and Strickland, 2003).

Kazmi (2002) sums up the business environment as being complex, dynamic, and multi-faceted with far-reaching impact. Kazmi adds that the traditional approach to strategic management has had its emphasis on control, order, and predictability. But the environment is proving to be more unpredictable, uncertain and no-linear. The environment can be summarized as characterized by ever recurring changes and herein lies the challenge for organizational managers.

Burnes (1996) points out that the magnitude, speed, unpredictability, and impact of change have become greater than ever before. New products and processes are appearing in the market at an ever-increasing rate. Boundaries are shrinking as globalization takes centre stage. The source of the next competition may not even be within imagination. He further observes that protected markets are opening up while public bureaucracies and monopolies are changing hands to the private sector or having the competitive market culture transferred into them.

2.2.2 Internal Forces

Resistance, culture, stakeholder politics, teamwork, and leadership have been identified by Kanter et al. (1992) and Ansoff and McDonnell (1990) as factors that can influence the outcome of any change program.

Resistance can either be behavioral or systemic (Ansoff and McDonnell, 1990). Behavioral resistance is exhibited by individuals, managers or groups. Because of parochial self-interests, misunderstanding and lack of trust, differences in assessment, or low tolerance to change; individuals or groups may resist change. To overcome this problem there is need for those managing change to understand the needs of employees and also for employees to understand the change plan.

Systemic resistance originates from passive incompetence in managerial capacity to carry out the change (Ansoff and McDonnell, 1990). The capacity required to implement change is normally more than the existing capacity. Management requires to plan and develop the required capability by integrating management development into the change process and stretching the implementation period as long as possible (Kanter,1992).

Rose and Lawton (1999) note that if change involves challenging existing power arrangements, the resistance to change is almost inevitable. To deal with such resistance, they propose the use of some techniques which include education and communication, participation and involvement, facilitation and support, manipulation and co-option and/or explicit and implicit coercion.

Rowe et al (1994) define organizational culture as the total sum of shared values, attitudes, beliefs, norms, rituals, expectations, and assumptions of people in the organization. Culture, identified as "shared values" in the McKinsey 7-S Framework, is one of the ingredients which must be attuned to any new strategy in an organization. Thompson and Strickland (2003) argue that organizational culture and values held by managers and other employees within the organization are key influences on strategies of change and are therefore central driving considerations in strategy creation and change.

Johnson and Scholes (2002) referring to culture as routines (customs or day-to-day practices in an organization that become habitual and define a way of doing things), note that such routines which give an organization a competitive advantage may act as bottlenecks when implementing changes. When planning change, it is important to identify such routines and change them. Burnes (2000), however, differs. According to Burnes, changing routines can be difficult because they have been developed over time and have been implanted in people to define their behavior, hence not easy to be changed within a short time.

Stakeholders' support is essential for a change programme. Because of many stakeholder groups with different interests and power, achieving universal support is a challenge and politics sets in. According to Moore (1992), strategic management in the public sector begins by looking up towards politics for three reasons. First, it is in this realm that managers must search to discover what purposes are deemed publicly valuable; second, political institutions grant public managers resources they need to accomplish their operational purposes; and third, it is to politics and law that public managers are both theoretically and practically accountable. Public managers face decisions which are strategically important to their organizations but potentially beyond their own individual power to decide, and such require political management. Managers must negotiate with other political bodies to have their plans legitimized and carried on as policies for implementation by the government.

Hill and Jones (2001) see organizational politics as tactics that strategic managers and stakeholders engage in to obtain and use power to influence organizational goals and change strategy and structure to further their own interests. In this political view of decision-making, obstacles to change are overcome and conflicts over goals are settled by compromise, bargaining and negotiation between managers and coalitions of managers and by the outright use of power. Quinn (1991) recommends broadening political support for emerging new trusts as an essential and conscious proactive step in major strategy changes. Committees, task forces, or retreats are used by the change agent to marshal such support. Kanter et al. (1992) argue that the first step to implementing change is coalition building which involves those whose involvement really matters. Specifically, stakeholders must support any change programme for it to see the light of the day.

Oakland (1993) define a team as a group of people with the appropriate knowledge, skills, and experience who are brought together specifically by management to tackle and solve a particular problem usually on a project basis. They are cross-functional and multi-disciplinary. Rowe et al (1994) argue that the team approach to change implementation removes artificial organizational barriers and encourages openness. Teams share common goals and help to focus energy by emphasizing self-control on the part of the participants. Teams that are cohesive, that interact cooperatively, with members possessing compatible personality characteristics and that are operating under mild to moderate pressure appear to be most effective. It is because the complexity of most of the processes which are operated in industry, commerce, and service place them beyond the control of any one individual. The only way to tackle problems concerning such processes is through the use of some form of teamwork. Yet building effective teams is no easy matter.

The team is one of the main mechanisms for bringing about change in organizations. Many change initiatives are based on a teamwork philosophy in which the team becomes the central unit of the organization. Tushman & Anderson (1997) identified areas where teams can lead to gains in internal competition, innovation, and flexibility. The idea of the competition is to force managers and team leaders to drive out any inefficiencies within the system and also to be innovative, which in turn will drive down costs and create a feeling of loyalty and commitment within the team. Innovation comes through intense communication because the team structure in the organization requires effective communication systems to aid the innovative process it creates. Finally, flexibility is where once established, teams can be moved from project to project with much more ease than conventional structures.

Johnson and Scholes (2002) contend that the management of change is often directly linked to the role of a strategic leader. Leadership is the process of influencing an organization in its efforts towards achieving an aim or goal (Kotter, 2001). Kotter observes that normally change agents or change champions provide the leadership role. The leader's roles include creating vision, empowering people, building teamwork, and communicating the vision. The qualities of an effective leader can be summarized as being visionary, skilled, competent, delegative, motivative, analytical, persistent, enduring and flexible (Bartlet and Ghoshal, 1995)

Ogwora (2003) established that both internal and external forces pressured change at the National Cereals and Produce Board (NCPB). The need to plan ahead, customer focus, legislation (which led to liberalization and competition), the need for internal efficiency were the overriding forces that influenced change at NCPB. Others include support for the change from top management and lower cadre staff, external stakeholders' pressure such as the foreign aid donors, and the phenomenon of resistance due to fear of demotion or retrenchment. The study pointed that culture is an important aspect to be considered in change management and that to counter resistance to change, it is important to use constant communication to those affected by the change and also the supposed implementers of the change programme.

In his study, Nyamache (2003) established that Civil Service Reform Program was negatively affected by a number of factors. Key among them were resistance (both behavioural and systemic), unsupportive cultural practices, inappropriate leadership, poor teamwork, and low commitment which combined to slow down the reform process. The reforms were implemented before addressing some of the issues adequately. Legitimacy and political support were difficult to build and sustain throughout the reform period.

2.3 Management of Strategic Change

Strategic Change Management is defined as the actions, processes and decisions that are executed by an organization's members to realize their strategic intentions (Hardy, 1985). According to Thompson and Strickland (2003), change management is the use of systematic methods to ensure that a planned organizational change can be guided in the planned direction, conducted in a cost effective and efficient manner and completed within the targeted time frame and with the desired results. Johnson and Scholes (2005) view change management as a structured and systematic approach to achieving a sustainable change in human behavior within an organization. It involves moving employees to new behavior while retaining key competitive advantage particularly competence and customer satisfaction.

Kotter (1996) observes that to date, major change efforts have helped some organizations adapt significantly to shifting conditions, have improved the competitive standing of others, and have positioned a few for a far better future. But Kotter is quick to note that in too many situations, the improvements have been disappointing and the carnage has been appalling, with wasted resources and burned-out, scared, or frustrated employees. He attributes these phenomena to eight most common errors that organizations commit during the change management process, which are: failing to create a sufficiently powerful guiding coalition among different stakeholders, underestimating the power of vision, under-communicating the vision, permitting obstacles to block the new vision, failing to create short term wins, declaring victory too soon, and neglecting to anchor changes firmly in the corporate culture. Kotter cautions that making any of the eight errors common to transformation efforts can have serious consequences including new strategies not being implemented well, reengineering taking too long and costing too much, downsizing not getting costs under control, and quality programs not delivering hoped-for results.

Pettigrew and Whipp (1998) have identified five central factors for managing change as environmental assessment, leading change, linking strategy and operational change, human resources as assets and liabilities, and coherence in the management of change. They underscore the requirement for organizations to become open learning systems and lay stress on the strategy creation that tends to emerge from the way an organization, at all levels, processes information about its environment. Further, they point out that the critical leadership tasks in managing change are more incremental and often less spectacular than the prevailing business press images. According to them, leading change involves linking actions by people at all levels of the organization.

Balgun and Haley (1999), highlight a number of important contextual features that need to be taken into account in designing change programmes. Some of the features identified include the scope, institutional memory (the extent to which organizational members inculcate organizational values, processes, strategy etc among themselves and over time), diversity of experience within an organization, the capability in managing change as well as the readiness for change throughout different levels in the organization. Consequently, there are different approaches to managing change but there are two that are certain: planned and incremental. Whichever the approach that the organization chooses does not necessarily guarantee success to the strategic change itself. Undoubtedly, the way changes are managed, and the appropriateness of the approaches adopted, have major implications for the way people experience change and their perceptions of the outcome.

The reality is that organizations can and do experience severe problems in managing change effectively (Beer et al., 1990 and Taylor, 1995). It is clear that to manage change successfully, even on a small scale, can be complex and difficult. Change efforts in many public corporations have suffered because potentially beneficial policies were implemented without the institutional capacity of supporting and managing them.

2.4 Approaches to Change Management

Burnes (2000) observes that neither strategy nor change management would be considered particularly important if products and markets were stable and organizational change was rare. As observed in earlier sections, change is an ever-present feature of organizational life and its pace and magnitude have increased tremendously in the recent past. Undoubtedly, as Burnes (2000) continues to observe, the way such changes are managed, and the appropriateness of the approach adopted, have major implications for the way people experience change and their perceptions of the outcome. In spite of the vast amount of literature on the subject, all suggested models of managing change in organizations fall under two main approaches: planned and emergent approaches.

2.4.1 Planned Approach to Organizational Change

Planned change is an interactive, cyclical, process involving diagnosis, action and evaluation, and further action and evaluation. It is an approach which recognizes that once change has taken place, it must be self-sustaining (i.e safe from regression). The purpose of planned change is to improve effectiveness of the human side of the organization. Central to planned change is the stress placed on the collaborative nature of the change effort: the organization, both managers and recipients of change, and the consultant jointly diagnose the organization's problem and jointly plan and design the specific changes (Burnes, 2000).

Planned approach to change is a term first coined by Kurt Lewin to distinguish change that was consciously embarked upon and planned by an organization, as averse to types of change that might come about by accident, by impulse or that might be forced on an organization (Marrow, 1969 in Burnes, 2000). The planned approach to change is most closely associated with the practice of Organizational Development (OD). According to French and Bell (1995), Organizational Development (OD) is about people and organizations and people in organizations and how they function. It is also about planned change, that is, getting individuals, teams and organizations to function better.

Hurkey et al 1992, in Burnes (2000) identify five values on which OD is based. They include: empowering employees to act, creating openness in communications, facilitating ownership of the change process and its outcomes, the promotion of a culture of collaboration, and the promotion of continuous learning. Therefore, the main emphasis of organizational development is on team building, personal development and participation (Burnes, 2000).

Planned approach to change has been widely explored and various scholars have in the process developed a number of models for managing change in organizations. Key among them include Lewin's (1951) Three Step Model of Change and Force Field Analysis Model, Kotter's (1995) Eight Step Model, Kanter et al (1992)'s Model of Change Management, and Bullock and Battern (1985) integrated Four-Phase Model of Planned Change among others. A brief description of each of these models is presented below.

The Three-Step Model proposes going through the steps of unfreezing, moving, and refreezing (Burnes, 1998). Unfreezing involves removing those forces maintaining the organization's behavior at its present level. Moving involves acting on the results of unfreezing i.e. take action to move to the desirable state of affairs. Refreezing seeks to stabilize the organization at the new set of equilibrium. A feature of this model is that it recognizes, and takes into account, the important fact that, with many change programmes, things may revert back to what they were, unless permanence of the new level is included in the objective.

Managers wanting to introduce change should recognize that change occurs slowly and moves through a series of stages. In the first instance, the need for change must be recognized. Then it is necessary to define where the organization stands relative to the problem, where it wants to be, and how it is going to get there. With respect to the way the change process needs to be managed, Lewin's three-step model can be expanded to show that the following sequential set of activities needs to take place: recognizing the need for change, defining the problems, identifying where the company is relative to the problem, searching for alternatives, defining goals (identifying where the company wants to be after the change), preparing for change, unfreezing (loosening the organization so that it can change), moving (consciously managing the process of change), arriving (realizing when the goals have been met), and refreezing (stabilizing and reinforcing the change).

Force Field Analysis is a general-purpose diagnostic and problem-solving technique. Lewin (1951) proposed that changes result from the impact of a set of driving forces upon restraining forces. In any situation, there are forces that push (drive) for change as well as forces (restraining) that hinder change. If the forces offset one another completely, there is equilibrium and status quo. The driving forces may be external and internal and are likely to have economic aspects like to increase sales, improve profitability, improve production efficiencies, or generate new forms of competitive advantage. On the other hand, restraining forces may be existing strategies, existing people who are loyal to the status quo among others, all of which may be subjective depending on how one looks at them.

The Force Field Analysis model assumes that most problems or situations have multiple causes, most problems or situations are held in equilibrium between driving and restraining forces, there is a likelihood of accomplishing change if these forces are identified, and that it is frequently easier to make changes by reducing restraining forces. In applying this model in managing change, some managers may have tendency to increase the driving forces in order to attain change. This may however result in instability of the system and may lead to negative consequences. Some managers increase driving forces in the short run while reducing the restraining forces in the long run to ensure stability. It has been further suggested that change results out of the combined effect of strengthening or adding driving forces, removing or reducing restraining forces, and changing the direction of some of the forces (www.exploreHR.org, 2008 June). It is useful to analyze the driving and restraining forces in order to fully understand the change situation.

In developing the Eight Stage Model, Kotter (1995) contends that often, creating value requires significant change and concluded that there are eight reasons why many change processes do not succeed: Allowing too much complexity; Failing to build a substantial coalition; Not understanding the need for a clear vision; Failing to clearly communicate the vision; Permitting roadblocks against the vision; Not planning for short term results and not realizing them; Declaring victory too soon; and Failure to anchor changes in corporate culture.

To prevent making these mistakes, Kotter created the following Eight (8) Change Phases model consisting also of eight steps: Establishing a sense of urgency; Creating a coalition; Developing a clear vision; Sharing the vision; Empowering people to clear obstacles; Securing short-term wins; Consolidating and keep moving; and Anchoring the change. According to Kotter, it is crucial to follow the eight phases of change in the above exact sequence. A description of the eight stages in the models follows.

Establishing a sense of urgency is crucial to gaining the needed co-operation. With low urgency, it is difficult to bring together a group with enough power and credibility to guide the effort or to convince key individuals to spend necessary time to create and communicate a change vision. By examining the market and competitive realities, identifying and discussing key issues, crises or opportunities establishes urgency.

Creating a guiding coalition is important as no one individual is able to develop the right vision and communicate it effectively to large numbers of people, eliminate key obstacles and get the change going on. A strong coalition composed of the right members with high level of trust and having a shared objective and vision is needed. The coalition should be able to work as a team with enough responsibility and authority. Position power, expertise, credibility, and leadership should be the key characteristics to be considered when forming the group or team.

Developing a vision and Strategy is necessary to help direct the change effort for effective and successful implementation of the change. An effective vision should be imaginable, desirable, feasible, focused, flexible, and communicable. The firm should also develop strategies for achieving the vision, which should be clear and well understood by all members of the organization. The vision should be grounded on a clear and rational understanding of the organization, its market environment and competitive trends. Strategy provides the logic and a first level of detail of how the vision can be accomplished.

In communicating the change vision, all means possible should be used to share the new vision and strategies. Such means include employee bulletins, staff meetings, memos, and newspapers, formal or informal interactions. The team leading the change should be role models to the employees with exceptional behavior. Communication of change vision can be undermined by behavior on part of key team members who seem to be inconsistent with the vision. The senior management behavior is carefully monitored so as to identify and address inconsistencies between words and actions.

Empowering employees involves getting rid of obstacles, changing systems or structures that undermine the change vision and encouraging risk taking and no traditional ideas, activities and actions. To fully empower employees, the following could be done: confront supervisors who undercut/sabotage needed change, provide the training employees need, make structures to be compatible with the vision, have and communicate a clear and sensible vision, and align information and personnel systems to the vision.

Generating short-term wins means paying to short-term gains. Running a transformation without serious attention to short term wins is extremely risky. One should plan for visible improvements in performance or wins and also create those wins. In addition, the people who make the wins should be visibly rewarded and recognized.

Consolidating gains and producing more change involves changing all systems, structures and policies that do not fit in the transformation vision. Hire and promote people who can implement the change vision. The system is reinvigorated with new projects, themes, and change agents.

Anchoring new approaches in the culture means creating better performance through better customer and productivity-oriented behavior, more and better leadership, and more effective management. Articulate the connections between the new behaviors and organizational success. Also, develop means to ensure leadership development and succession.

A study by Nyalita (2006) on management of strategic change at Procter and Gamble East Africa Ltd, a subsidiary of the Procter and Gamble Company concluded that the firm, though not quite distinct, did use Kotter's Transformation Process Model (the Eight-stage Model) for parented company change management. Kotter (1995) says that the change process takes time and goes through several different phases in a successful change effort and that a mistake made during any phase of the change effort can have a negative impact on the organization. He outlines an eight step process (Table 1) with suggestions to help organizations transform.

Table 1: Kotter's Eight - Step Model of Change Management

Activity	Step
Establishing a Sense of Urgency Examining market and competitive realities Identifying and discussing crises, potential crises, or major opportunities	**1**
Forming a Powerful Guiding Coalition Assembling a group with enough power to lead the change effort Enhancing the group to work together as a team	**2**
Creating a Vision Creating a vision to help direct the change effort Developing strategies for achieving that vision	**3**
Communicating the Vision Using every vehicle possible to communicate the new vision and strategies Teaching new behavior by the example of the guiding coalition	**4**
Empowering Others to Act on the Vision Getting rid of obstacles to change Changing systems or structures that seriously undermine the vision Encouraging risk taking and nontraditional ideas, activities and actions	**5**
Planning for and Creating Short-Term Wins Planning for visible performance improvements Creating those improvements Recognizing and rewarding employees involved in the improvements	**6**
Consolidating Improvements and Producing Still More Change Using increased credibility to change systems, structures and policies that don't fit the vision Hiring, promoting and developing employees who can implement the vision Reinvigorating the process with new projects, themes, and change agents	**7**
Institutionalizing New Approaches Articulating the connections between the new behaviors and corporate success Developing the means to ensure leadership development and success	**8**

Source : Adapted from John P. Kotter in the Harvard Business Review, March-April 1995, Why Transformation Efforts Fail? Pp. 59-67

Kanter et al (1992)'s model of change management focuses on managing the political context by providing information, resources, and support for the change effort. The main theme is that for organizational change to be successful, it needs to be holistic and systematic, addressing individual, social, and organizational factors. The model suggests a number of actions that should be taken during change management: building coalitions by seeking support from power sources and stakeholders; articulate a shared vision of the mission, goals, and desired results; define the structure and process that will guide the change, including clear reporting relationships, coordination between activities and teams and accountability for outcomes; ensure communication to keep people informed, education, and training to increase their capacities; institute policy and systems review in order to align the strategy with resource allocations; operations, systems and staffing; enable local participation and innovation by clearly specifying fixed goals while encouraging local variation in their implementation; ensure standards, measures and feedback mechanisms as a way of monitoring the process and results; provide symbols, signals and rewards that demonstrate and support commitment to change.

The Phases of Planned Change Model developed by Bullock and Batten (1985) has four stages. These are exploration, planning, action, and implementation.

Exploration Phase involves becoming aware of the need for change, searching for outside assistance/agent and establishing a contract with the consultant, which defines each party's responsibilities. Here, an organization has to explore and decide whether it wants to make specific changes in its operations and if so commit resources to planning the changes.

Planning Phase is where the process of understanding the organization's problem or concern begins. This phase involves the change process of collecting information in order to establish a correct diagnosis of the problem; establishing change goals and designing appropriate actions to achieve the goals; and getting key decision makers to approve and support proposed changes.

Action Phase involves change implementation and evaluation of results in order to make adjustments as necessary. It is at this phase where the change process are designed to move an organization from its current state to a desired future state, and include gaining support for the action to be taken.

Integration Phase is concerned with consolidating and stabilizing the changes so that they become part of an organization's normal, everyday operation. The phase involves reinforcing new behaviors, gradually decreasing reliance on consultant, diffusing successful aspects of the change in the organization and training staff to monitor the changes constantly and seek to improve upon them.

This model, according to its authors, has a broad applicability to change situations since it incorporates key aspects of many change models. It overcomes the confusion between the processes and phases of change.

A study by Nyamache (2003) looked at strategic change management process in the public sector with specific reference to Civil Service Reform Programme in Kenya covering the periods 1993-2003. The study found out that the change management processes involved planning, capacity building and implementation phases. A vision was crafted, strategies were developed, legitimacy and political support were mobilized, and reform agents were appointed. The reform management process used in the Civil Service Reform Programme (CSRP) indicated attempts to apply change management models proposed by various change experts. The SCRP processes compared well with those applied in the private sector change programme.

2.4.2 Emergent Approach to Change

The rationale for the Emergent approach to change stems from the belief that change cannot and should not be solidified, or seen as a series of linear events within a given period of time; instead it is viewed as a continuous process (Burnes, 2000). Dawson and Wilson (1992) both challenged the appropriateness of planned change in a business environment that is increasingly dynamic and uncertain. They argue that those who believe that organizational change can successfully be achieved through pre-planned and centrally directed process of 'un-freezing', 'moving', and 'freezing' ignore the complex and dynamic nature of environmental and change processes, and do not address crucial issues such as the need for employee flexibility and continuous structural adaptation.

Pettigrew (1990) in Burnes (2000) argues that the planned approach to change management as exemplified by the OD movement is too prescriptive and does not pay enough attention to the need to analyze and conceptualize organizational change. He maintains that it is essential to understand the context in which change takes place. In particular, he emphasizes the following: the interconnectedness of change over time; how the context of change shapes and is shaped by action; and the multi-causal and non-linear nature of change. For Pettigrew, change needs to be studied across different levels of analysis and different time periods. This is because organizational change cuts across functions, spans over hierarchical divisions, and has no neat starting or finishing point; instead it is a 'complex analytical, political, and cultural process of challenging and changing the core beliefs, structure and strategy of the firm'.

The emergent approach to change, therefore, stresses the developing and unpredictable nature of change. It views change as a process that unfolds through the interplay of multiple variables (context, political process, and consultation) within an organization (Burnes, 2000). In contrast to the pre-ordained certainty of planned change, Dawson (1994) in particular adopts a processual approach to change which is less prescriptive and more analytical and, he argues, better able to achieve a broader understanding of the problems and practice of managing change within a complex environment.

The processual approach to change is a kin to the processual approach to strategy formation. Advocates of Emergent approach to change who adopts this perspective tend to stress that there can be no simple prescription for managing organizational transitions successfully, owing to time pressure and situational variables. Proponents of Emergent approach argue that power and politics play a central role in the process of organizational change. This is a major point of departure between them and proponents of planned change (Burnes, 2000). Dawson (1994) sees change as a period of organizational transition characterized by disruption, confusion and unforeseen events that emerge over long time-frames. Advocates of Emergent change adopt a Contingency perspective. Implicit in their argument is the assumption that if organizations operated in more stable and predictable environments, the need for change would be less and it might be possible to conceive of it as a process of moving from one relatively stable state to another. Consequently, for advocates of Emergent change, it is the uncertainty of the environment that makes Planned change inappropriate and Emergent change more pertinent. This point is emphasized by Stickland (1998) who draws on systems theory to highlight the way that organizations are separate from but connected to their environment. Generally, proponents of Emergent change stress five features of organizations which either promote or obstruct success: structures, cultures, organizational learning, managerial behavior, and power politics (Burnes, 2000).

Pettigrew and Whipp (1993) maintain that there are no universal rules with regard to leading change; rather it involves 'linking action by people at all levels of the business'. They, therefore, propose a model for successfully managing strategic and operational change which involves five interrelated factors: environmental assessment where organizations, at all levels, need to develop the ability to collect and utilize information about their external and internal environments; leading change which requires the creation of a positive climate for change, the identification of future directions and the linking together of action by people at all levels in the organization; linking strategic and operational change which is a two-way process of ensuring that strategic decisions lead to operational changes and that operational changes influence strategic decisions; human resources as assets and liabilities- just as the pool of knowledge, skills and attitudes possessed by an organization is crucial to its success, it can also be a threat to the organization's success if the combination is inappropriate or managed poorly; and coherence of purpose which concerns the need to ensure that the decisions and actions that flow from the above four factors complement and reinforce each other.

Burnes (2000) provides a concrete summary of main tenets of Emergent change as espoused by its various advocates as: organizational change is a continuous process of experiment and adaptation aimed at matching an organization's capabilities to the needs of and dictates of a dynamic and uncertain environment; though this is best achieved through a multitude of (mainly) small- to medium- scale incremental changes, over time these can lead to a major re-configuration and transformation of an organization; change is a multi-level, cross-organization process that unfolds in an interactive and messy fashion over a period of years and comprises of interlocking projects; change is a political-social process and not an analytical one; the role of managers is not to plan or implement change per se, but to create or foster an organizational structure and climate which encourages and sustains experimentation, learning and risk-taking, and to develop a workforce that will take responsibility for identifying the need for change and implementing it; though managers are expected to become facilitators rather than doers, they also have the prime responsibility for developing a collective vision or common purpose which gives direction to their organization, and within which the appropriateness of any proposed change can be judged; and the key organizational activities which allow these elements to operate successfully are information-gathering- about the external environment and internal objectives and capabilities, communication- the transmission, analysis and discussion of information, and learning- the ability to develop new skills, identify appropriate responses and draw knowledge from their own and others' past and present actions.

While the change management concepts and methods vary, the basic elements are similar: a vision to align the organization; communicate why the changes are necessary; involving the affected people actively in the change process; provide people with the skills to actively support the change process; marketing new approaches; and institutionalize new approaches to avoid erosion effects. For carrying out this study, an eclectic approach will be adopted. That is, the study will draw, from both the planned and emergent approaches to change management, variables which will be considered as relevant and appropriate in the context of the study- the Cooperative Insurance Company of Kenya Ltd. (CIC).

2.5 Challenges to Change Management

Challenges to change management in organizations manifest mainly through the resistance phenomenon. Resistance is a multifaceted phenomenon, which introduces unanticipated delays, costs, and instabilities into the process of a strategic change (Ansoff and McDonnell, 1990). Ansoff and McDonnell note that resistance manifests itself throughout the history of change and observe that during the change process all of the following may occur: procrastination and delays in triggering the process of change, unforeseen implementation delays and inefficiencies which slow down the change and make it cost more than originally anticipated, and there are efforts within the organization to sabotage the change.

After the change has been installed, Ansoff and McDonnell (1990) observe that the following may occur: There is a typical performance lag, the change is slow in producing the anticipated results and there are efforts within the organization to roll back the effects of the change to the pre-change status. In light of the above prepositions, it explains the strong resistance against strategic planning.

Resistance to change could either be behavioral or systemic resistance. Behavioral resistance is both by individuals (employees or managers) or groups, for example unions. People may resist change either due to self-interests, misunderstanding and lack of trust, different assessments or low tolerance for change. Systemic resistance refers to incompetence by the organization represented by the difference between capacity requirement for new strategic work and capacity available to handle it (Ansoff, 1994).

Behavioral resistance could be caused by organizational loyalty, perception verses reality, and cultural-political field. Ansoff and McDonnell (1990) point out that causes of resistance can be traced to reactions by individuals on one hand and common actions by groups of individuals on the other. Both experience and literature on psychology show that individuals will resist change when it makes them insecure. For instance when a manager feels that the change may make him redundant, when he feels incompetent to perform in the new role defined by change, when he is incapable and unwilling to learn new skills and behavior, if he is uncertain about the impact and implications of the change.

Groups will resist a change in proportion to which it: threatens the power of the group; violates accepted values and norms; and is based on information that is regarded as irrelevant. During changes aimed at improving organizational performance, cultural/political resistance will be moderated and may change to positive support in proportion to the following: the degree of improvement in performance promised by the change and the level of positive loyalty within the organization.

Ansoff and McDonnell (1990) thus conclude that the level of resistance to change is determined by the following factors: the degree of discontinuity in the historical culture and power implied by the change; the strength of positive/negative loyalty towards the organization felt by the participants; and the strength of the culture and power drives at the respective power centers. They end by noting that because of distorted perception, resistance will usually be higher than is justified by the facts of the situation.

To minimize resistance, managers must define the terms and persuade employees to accept them. Leadership must drive the process of change to alter the employees' perception and bring about revised personal impacts. The following change tactics are useful in minimizing resistance to change: timing, job losses and de-layering, and visible short term wins. With respect to timing, change implementation should be built on perceived crises, capitalize on windows of opportunity in the change process, and the message about the timing of the change should be clear. Job losses and de-layering involves tactical choices where job losses must take place. However, 'creeping' job losses must be avoided and where job losses are to take place, there should be a visible, responsible and caring approach to those who lose their jobs. Lastly, visible short term wins involves some tasks in the strategy being seen to be successful quickly. Such demonstration of wins will galvanize commitment to strategy (Johnson and Scholes, 1999).

Without proper leadership, Strebel (1996) cautions that employees will remain skeptical of the vision for change and distrustful of management. Management will likewise be frustrated and stymied by employees' resistance to change. Building organizational capacity to the desired level can reduce systemic resistance.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The study was carried out through a case study design where the unit of study was the Cooperative Insurance Company of Kenya Ltd (CIC). The design is most appropriate when detailed, in-depth analysis for a single unit of study is desired. Case study research design provides very focused and valuable insights to phenomena that may otherwise be vaguely known or understood. This research design has been successfully used by Ogwora (2003) and Kiini (2007) in similar studies.

3.2 Data Collection Method

The study involved the collection of both primary and secondary data. To achieve this, an interview guide was used to collect primary data while secondary data were obtained from Cooperative Insurance Company's change program documentations. The study targeted Divisional level Managers, Regional Managers and Corporate level Managers. The respondents were considered to be better placed in providing required data because they led change effort in their various divisions and branches, change which was envisioned by the Cooperative Insurance Company as a whole. The interview guide was administered through mail and personal interviews to allow for further probing.

3.3 Data Analysis

Both the primary and secondary data were qualitative in nature. Given this fact, content analysis was used to analyze the data. According to Nachmias and Nachmias (1996), content analysis is a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends. This approach has been used previously in similar research papers such as the ones of Ogwora (2003) and Kiini (2007).

CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS

4.1 *Introduction*

This chapter details the findings of the study as captured using the interview guide. The study aimed at achieving two objectives: To determine the strategic change management process at the Cooperative Insurance Company of Kenya, and to establish the challenges involved in the management of strategic change at the company. The findings of the study are presented and discussed in line with the objectives of the study.

The findings and discussions presented concern the awareness of structural and strategic changes that have taken place at the Cooperative Insurance Company of Kenya in the last 3-4 years; understanding the forces that were compelling the change and whether the changes were considered necessary, areas of target in the change process, how the change was introduced and managed, whether change was planned or not, whether all changes were planned, empowerment for change, change milestones, and institutionalization and/or reinforcement of change. The chapter also presents and discusses findings on aspects of change that were not adequately addressed, the extent of adequate resource allocation to manage change, how organization culture inhibited or supported the change, the major challenges in managing change at the company, critical areas that need to be addressed and how, and the phenomenon of resistance to change and its sources at the company.

4.2 Data Capture and Response Rate

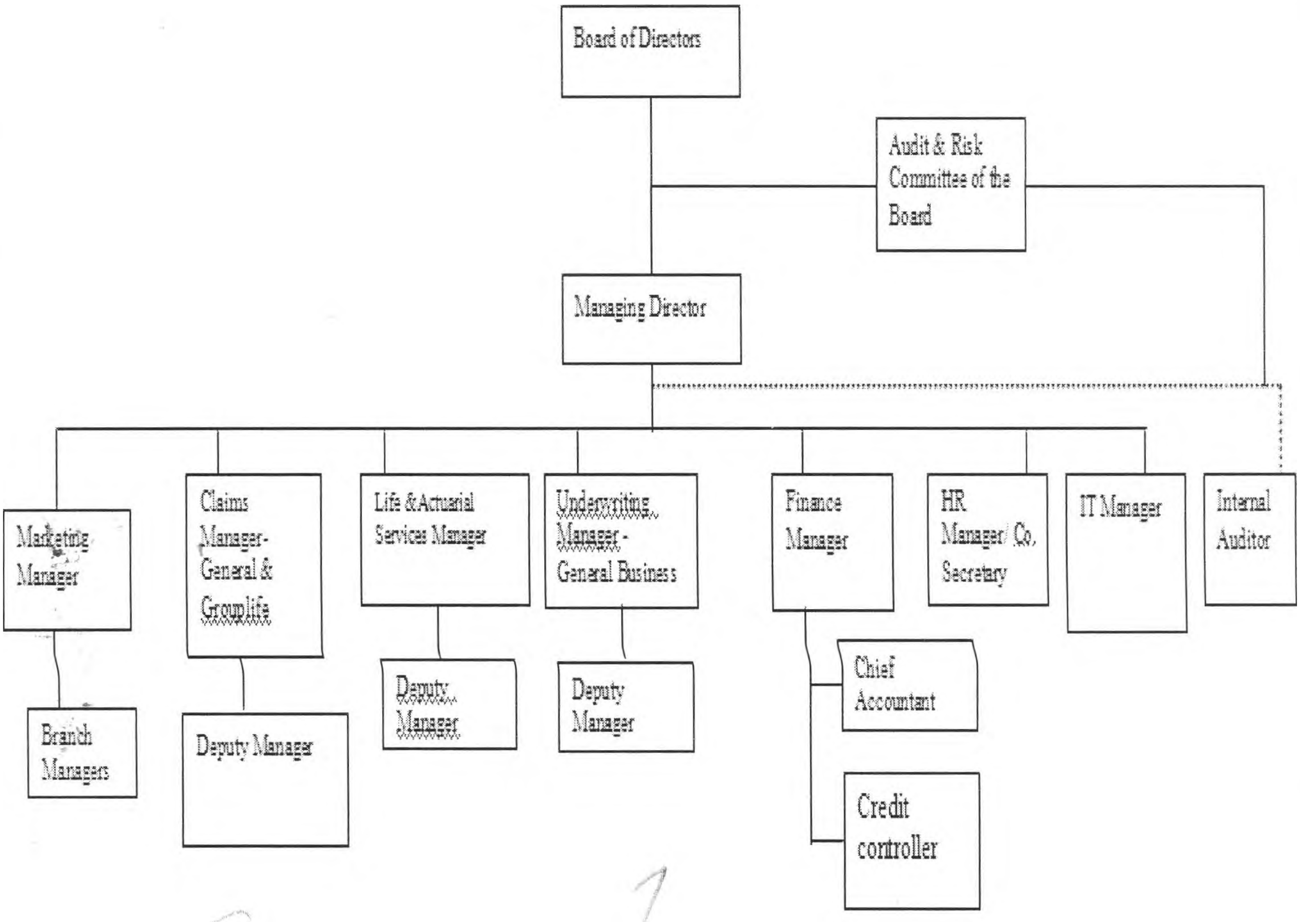
The study involved collecting primary data and secondary data. Primary data was captured through the use of an interview guide which was administered through personal telephone interviews. Secondary data was obtained from documentations of the change program at the company as captured in its Strategic Plan 2004-2008. The research targeted eleven (11) respondents drawn from the company headquarters and regional offices and holding positions of Divisional and Regional managers. Out of these, ten (10) were able to participate in the study by accepting to be interviewed and e-mailing any request for further clarification once asked to do so after being interviewed. The remaining one respondent could not be reached because he was out of the country during the time of study. This constitutes a 90.9% response rate, which was considered adequate for analysis.

4.3 Strategic and/or Structural Changes at the Cooperative Insurance Company Limited

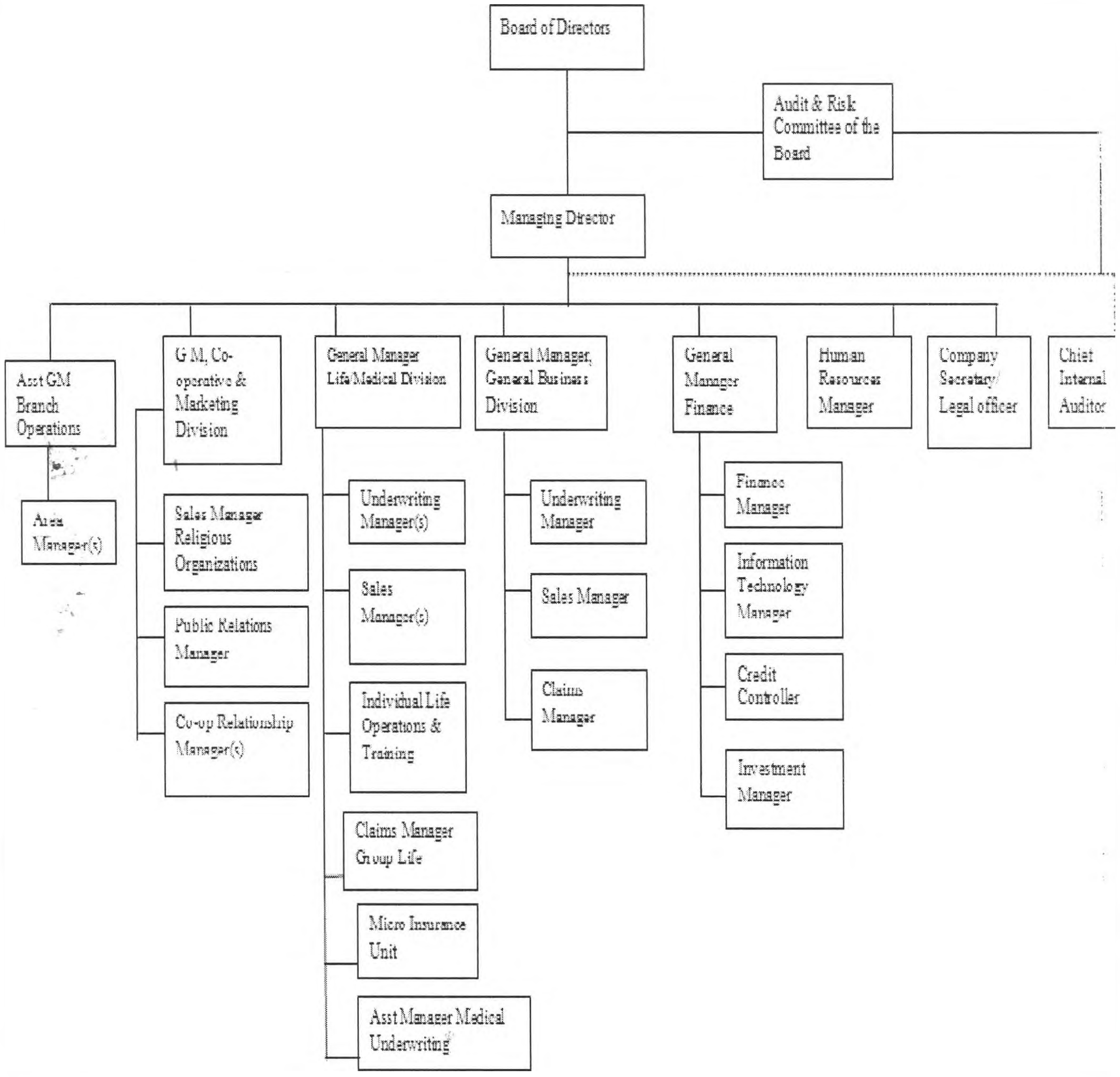
Change is a transition from some current state which is undesirable to some desirable future state through some set of actions. Understanding and managing change are the dominant themes of management today. Adapting to the ever-changing present is essential for success in unpredictable future. The awareness of the change process was considered to be the basis of understanding the change experience in any one context. The study sought to establish the extent to which the respondents were aware of the changes that have taken place at the cooperative Insurance Company of Kenya (CIC) in the last 3-4 years. The findings of the study showed that all the respondents were aware of the changes albeit on different structural and strategic frontiers. The respondents cited the following as being part and parcel of the changes that have been experienced at CIC for the past 3-4 years:

The company has undertaken structural changes in order to accommodate tremendous growth over the last five years. The changes involved the review of the organizational structure from a hierarchical to a flat one and the grouping of main business divisions. This resulted into the establishment of head positions to lead in directing the strategic function. Some new positions were created such as Company Secretary, General Managers, and Assistant General Managers while some were merged and given more responsibility like the positions of Assistant General Managers Branch Operations. The new organizational structure was implemented in 2006. The old and new structures are shown below.

The Co-operative Insurance Company of Kenya Ltd- Old Organization Chart



The Co-operative Insurance Company of Kenya Ltd- New Organization Chart



The restructuring necessitated the grading of staff according to their tasks, hence job groups were created and everyone falls into a particular job description. Accordingly, there is now more focus on operations all falling within the Company's Strategic Plan for the period 2004-2008.

The study also established that the company has undertaken a number of strategic changes. According to the respondents, the strategic changes that CIC has undertaken were guided by the 2004-2008 strategic plan. The changes involved adopting the Balanced Score Card as a strategic tool to develop a road map for the development of the company; amending of the corporate vision and mission, from taking the company to the top six insurers to focusing the company for the number one position in the industry, introduction of Performance Management as a tool for realizing growth, networking of all Area Offices for enhanced service delivery, undertaking Relationship Management and Co-operative Business Initiative (CBI), entering into strategic alliances for faster business growth and image building, introduction of Ordinary Liife department to increase the company's market share, and refocusing on the co-operative sector and expanding into micro insurance. It was noted that most of the respondents were involved in the decision-making process that gave rise to these changes and they are therefore on the steering wheels to ensure that they are effectively managed and implemented. A further study of the strategic plan confirmed these findings, which were the main thematic issues of company's reform agenda.

The study findings above indicated that a number of structural and strategic changes had been undertaken at CIC. However, different organizations initiate changes that target different areas in their organizations depending on the change situations confronting them. It was this study's intention to establish the areas that were targeted by the changes at CIC. From the findings of the study, the respondents pointed out that the key areas targeted in the changes were the organizational design, corporate governance and capital structure. The resultant changes focused on specific areas that addressed these key areas. For example, the review of organizational design resulted into the creation of new positions and merging of others, establishment of divisions and strategic business units, which led to the promotion of some staff that resulted into development of job descriptions and rationalization and/or revision of terms of service among other changes.

Implicit from the nature of changes that were undertaken at CIC, marketing and human resource management received the greatest attention in the reform program at the company. Key among the thematic areas include service delivery through the establishment of Wide Area Network connectivity, adoption of relationship management, adoption of the Co-operative Business initiative in order to maintain stronger presence in all co-operatives, revising the terms of contracts with customers, transfer of staff from one department to another and changes in working styles of staff in the division, harmonization of salary scales across all the branches, and rationalization of staffing needs at branch level and putting in sound work approaches.

However, the study findings indicated that there were aspects of the change program that had not been fully addressed. Respondents indicated that Relationship Management has not fully been implemented, the CBI concept did not take off as planned, the process and frequency of reviewing the structure for future changes was not addressed, and the rationalization of staff numbers remains a big challenge more especially at branch level. This is a serious issue which could render incipient erosion on the gains made on operations. Respondents also pointed out aspects to do with deployment of staff in the right places and the need to get rid of those who are not fitting to the new set up. The right staffing levels is also yet to be achieved in certain areas e.g. underwriting departments, and there is still inadequacy in staff skills in some sections.

4.4 Drivers of Change at the Cooperative Insurance Company Limited

According to the respondents, the initiation and management of change at the cooperative insurance company was motivated by various factors. The respondents pointed out that the changes at CIC were driven by the demands of growth in the company. Consequently, such growth path and its inherent challenges necessitated that CIC adopt changes that would prepare the company for other related challenges of the future. This view was out of a realization that under the current dictates of the market, CIC will not be able survive in future with its old structure characteristic of a small organization that was in place at a time of its inception. It was also established that the needs of growth and preparation for impending regulatory requirements drove changes in the company's capital structure.

Further findings revealed that the changes at CIC were driven by the need to: establish multi-level management by consolidating growth into efficient and manageable structures; meet demand by shareholders for increased profitability; meet demand for efficient services to clients; develop adequate capacity capable of handling the rapidly expanding business volumes, maintain focus and identity while at the same time identifying with the market environment (increased competition among insurers, declining profits in commercial sector business, and the realization that the co-operative sector has not been fully insured); compete effectively and develop niche markets such as churches and micro-insurance; and the need to anticipate competitive market challenges and create staff development (succession planning) and more empowerment.

After establishing the level of awareness of the structural and strategic changes at CIC together with the drivers of the change in the company, the study sought to establish whether all the undertaken changes as mentioned by the respondents were really necessary. It was established that most of the changes were necessary. According to the respondents, the changes were necessary to allow for further growth and cater for succession in the company. It was also indicated that the changes were necessary because of the anticipated changes in the marketplace and growth of the company and need of injecting fresh blood in senior management.

However, respondents pointed out that some few changes were not necessary because with minimal adjustments in the then management, the tasks could be conveniently discharged. In spite of this view, the respondents cited a number of reasons to justify the necessity of the changes. The reasons include: the company needed clear cut departments so as to give personalized services to clients; there was need to have clear structures for efficiency and effectiveness in service delivery; there was need to have harmonized salary scales across the board; costs had to be minimized to give shareholders maximum returns; there was need for competitiveness which is essential for business growth and survival because new markets come with new challenges which need more robust structures and teams; there has been positive impact-since the changes were initiated, the company has been able to achieve growth and profitability; changes in the external environment and the dynamics of the industry made it imperative for CIC to re-examine itself and initiate such changes necessary to make it survive and remain competitive; and the changes were the only vehicle to take the company to where it wanted to be come 2008.

The respondents further reiterated that the changes were necessary because without the changes it is unlikely that the company would be occupying the market position it is occupying today. Any company that does not change in anticipation and reaction to the market situation is surely doomed to fail. It was further revealed that the changes were very necessary because the then existing structure could not handle the ever increasing business volumes. The change was also to deal with succession planning in the organization and be able to cope with demands of large size and prepare for impending regulatory changes.

4.5 Change Management Process at CIC

The first objective of the study was to determine the change management process at the cooperative Insurance Company of Kenya. Limited. To achieve this objective the study sought information from the respondents with regard to the way the changes were introduced and managed, whether the changes were planned or not, how organizational members were empowered to implement the changes, whether adequate resources were availed to undertake the desired changes, the change milestones achieved, and how the change was institutionalized/reinforced. In each of these aspects, respondents were asked to state exactly what happened in their respective areas of responsibility and, as the study findings indicate, different respondents had different views on what exactly happened.

The findings with respect to the way the changes were introduced and managed indicate that the changes were introduced through a carefully managed communication of the need for change in which all the staff in the divisions were made aware of the situation in the company and the need for change in order to deal with the market environment. The necessary changes were then effected with a human face. It was pointed out that the changes were communicated by the Board and CEO, while Divisional Managers carried out the implementation through further communication and training of Heads of departments (HODs). The HODs were then responsible for implementing the fine details of the change program. Further, it was established that changes in corporate governance were first introduced through training. This fostered an understanding of the changes needed and a buy in. The training has continued to introduce the principles of corporate governance to new people

In the findings above, it was also indicated that the changes were introduced through a structured communication , first by the Board of Directors, then by the Management and a number of sessions held for all facilitated by the external consultants. In the department they were introduced through administration of a questionnaire that required input that formed a basis for the new Job Descriptions. In the way it was managed, only the HODs were involved though other departments had selected representatives at various levels. The respondents further indicated that changes in some target areas were introduced by way of seminars and meetings. Such areas include performance management, development and introduction of Wider Area Network (WAN) infrastructure, and the introduction of the Cooperative Business Initiative (CBI). With respect to Performance Management, Area Managers attended a seminar held in Naivasha where the concept was introduced and elaborated. The Area Managers would then share this concept with area staff and agree on performance targets. At the time of the study, some were in the process of carrying out the first Performance Appraisal.

On the area of Wider Area Network (WAN), the infrastructure was first put in place, then staffs were trained on optimal use of the facility and the same has now enabled the branches to serve their customers faster and reduced telephone bills to Head office. Finally, with respect to the Cooperative Business Initiative (CBI), the Area Managers participated in a management seminar in 2007, where the CBI concept was introduced and explained fully. At the branch level, each staff was allocated a select number of societies depending on size, location and business volume. The smaller cooperative societies are handled by the Branch Assistant, while the Area Manager handles the larger key societies, and those that are located in outlying districts (e.g in the Coastal area, Tana River, Taita Taveta, Kilifi, Malindi and Kwale). Changes in human resource related aspects were introduced through interviews and job evaluation done by staff and effective communication by letters to individual staff by management.

However, the study findings revealed that some changes at CIC were introduced through top down approach where top level managers directed the way tasks/activities were to be carried out (e.g marketing approaches), as opposed to having participatory approach to change implementation and management. Changes were introduced haphazardly causing a lot of anxiety. Positive information on the changes came out in bits leading to fear and despondency. The study findings out of the investigation on whether the changes at CIC were planned indicated that most of the changes were planned as shown in the sample schedule of events shown in table 4.1

Table 4.1 Sample Schedule of events

Date	Event	Participants
December 2005	Meeting with the external consultant to agree on the parameters to be used in job evaluation	Senior Managers, Some Area Managers, Assistant Managers. **Consultant:** PriceWaterhouseCoopers
January 2006	Job Evaluation Seminar	All staff **Consultant:** PriceWaterhouseCoopers
February 2006	Training on the preparation of job descriptions	Senior Managers **Consultant:** PriceWaterhouseCoopers
March 2006	Developing job descriptions including tools for job analysis, evaluation, grading and salary structure	Senior Managers

Source: CIC Records

The study established that the company involved external experts (Price-Waterhouse-Coopers) to help come up with proper structures. It was indicated by the respondents that the changes were in line with the company's Strategic Plan 2004-2008 and that planning was done from departmental level upward. For instance, a study of the company's Strategic Plan 2004-2008 revealed that Performance Management was contained in the strategic objective seeking to increase staff productivity and in seeking to meet CIC's objective of Ksh.20 million in premium volume per capita. The wide area network was contained in the strategic objective seeking to optimize the use of Information Technology. The Cooperative Business Initiative (CBI) was in line with the strategic objective of achieving premium volume of Ksh.2billion by year 2008.

Further investigations established that corporate restructuring was a strategic issue. The changes in the governance structure were planned and were introduced after thorough discussion by those involved. A consultant was involved in assisting in introducing best practice to the company. In the area of capital structure, the changes took place by involving seasoned Investment Bankers and *other investment professionals.* The investigation further established that in all these developments, staffs were advised a lot in advance on the imminent exercise to take place complemented with written communication at the end of the exercise. However, it was also established that some changes were not planned and were a reaction to the market circumstances. Some of the changes that were not planned included change in policy terms. This was necessitated by a worsening loss experience in some classes of insurance.

The study sought to establish whether organizational members were empowered to implement the changes that were being undertaken at CIC. The findings of the study indicated that different modes of empowerment were used to get all organizational members participate constructively in the implementation of the change program. It established that the management staff directly involved in the corporate governance changes underwent training during the preparatory stages for the implementation of the changes. The investment advisors made presentations to the employees regarding the changes that were to take place in the capital structure. Communication was another way through which members were empowered. The staffs in General Division were empowered through provision of information on the need for change. This was facilitated through divisional meetings where the actual status of the company and division in particular was brought to the full knowledge of all staff. Employees have been empowered through regular meetings as well as feedback. Through these sessions employees have a say in the implementation of the changes. It was established the empowerment was also by guiding, short training, and letting members provide inputs regarding job analysis

However, it was revealed that implementation of the envisaged changes in the regions were not fully executed and those in the regions were reduced to spectators with little input. The empowerment was top driven as a direction to the employees on what they should do and consult constantly with the bosses. Indicated that the employees were not properly prepared to handle the changes and that there was transfer of staff without proper handing over.

After establishing ways in which organizational members were empowered to implement the envisioned changes at CIC, the study sought to find out the milestones so far achieved in the change process. According to the respondents and by the time the study was being undertakeen, a number of achievements had been realized out of the change program at CIC. The major success was that CIC managed to pass the KShs 1 billion mark in terms of premium volume. The company also attained leadership in micro-insurance within a very short span of time. Another major milestone of the changes was a significant improvement in the profitability. In corporate governance, the major milestone was the introduction of a new governance structure in tandem with the requirements of modern best practice in corporate governance. The major milestone in capital structure was change of the capital structure which led to a private placement exercise that considerably increased the share capital of the company. This also led to trading of some of the shares on an Over The Counter (TC) facility.

Other program milestones include: considerable increase in customer loyalty; more focused staffs and hence more specialized in their duties; increase in business retention; increased efficiency in devolving authority and improved corporate governance; the reduced job levels have meant a flatter organization and more empowered employees; staff now know the channels of operations, and the reporting order and empowerment in what they can do without a lot of bureaucracy.

Part of the change management process was to determine how change has been institutionalized and/or reinforced at CIC. The study findings revealed that change at CIC has been institutionalized in different ways. Key among them was the launching by the board the new changes and a companywide reorganization done to reflect them which culminated into the new organizational structure that was put in place. Further reinforcement was done through effective training of change leaders who in turn train and coach staff below them. New Board members are required to undertake a course in corporate governance. This ensures that the new members of the Board are at the same level as other members of the Board and thus carry on the changes implemented.

Standing committees were formed to handle various aspects of the balanced scorecard such as productivity, innovation, and communication to keep the changes alive.

Reinforcement of the change was also done through regular written communication, briefings, and lately through the innovative introduction of CIC News Bulletin. The findings also revealed that the change has been institutionalized through the permanent posting of affected staff and the enforcement of new underwriting guidelines and punishing those who do not comply. Finally, reinforcement of change was found to be through Key performance Indicators for each division/region, teams working together in work related areas and senior management, and budgeting as a means of controlling expenditure has come to be accepted as a norm.

Arising from the institutionalization and/or reinforcement of the change program at CIC was the issue of the extent to which adequate resources were allocated to implement the desired changes. The findings of the study indicated that all the necessary resources were made available. Adequate budgeting was done in advance to ensure all the necessary resources are put in place. The company also created time out and accommodation of staff during seminars. However, others were quick to point out that the resources were provided though not adequate. It was the view of every respondent that while the main resources were availed particularly in IT provision, inadequacy in the right staff both in numbers and skills, and to some extent financial resources remained a big challenge in certain areas. This was attributed to the fact that both human and financial resources are still centralized at the head office. Generally, resources necessary to implement changes were budgeted for except that some of the changes came along with scarcity of resources such as office space due to increased demand for tailor made offices for senior managers.

4.6 Challenges Involved in Change Management at CIC

The second objective of the study was to establish the challenges involved in the management of strategic change at the Cooperative Insurance Company of Kenya Limited. To achieve this objective, the respondents were asked to describe the nature of challenges that they faced in managing the change. Specific questions concerning organizational culture and resistance to change were asked and respondents' answers and further elaborations captured by way of writing.

Accordingly, respondents were asked to explain how organizational culture supported or inhibited change. It was established that there were aspects of culture which supported the change while others inhibited the change. The key aspect of culture that was pointed out as supporting the change is the teamwork spirit. The respondents pointed out that the teamwork spirit enhanced openness and health interactions during the change process. They indicated that the teamwork spirit was a result of everyone being a shareholder and wished to see the best for the company. This helped to ensure the changes are institutionalized quickly. It was further indicated that the company has a cooperative culture which embraces the co-operative ideals and practices, an orientation which enhanced the teamwork spirit in the organization.

The respondents were however quick to note that a number of aspects of culture inhibited the envisioned change at the company. They observed that the organization is conservative by nature and hence did not help matters. Surprisingly, it was revealed that the democratic culture slowed the process and at times the available information and communication seemed inadequate to satisfy expectations and attain a buy in from all organizational members. It was also established that the cooperative culture which embraces the co-operative ideals and practices could not auger well with the new staffs. Some were unable to fit into this culture and had to leave. The respondents also indicated that the culture of questioning new ways of doing things was a hindrance in the capital structure increase as many of the staff members became apathetic to participating in the private placement or selling the idea to their acquaintances. The study findings indicated that most people were reluctant to participate in the change because of the speed with which it was introduced, which inhibited the management of the same changes. They therefore developed "a wait and see" attitude.

Consequently, the respondents pointed out organizational culture as the main challenge that was involved in the management of change at CIC. This cultural fabric contributed a great deal to the phenomenon of behavioral resistance to change, which respondents indicated was very high. The respondents indicated that the high resistance was manifest when outsiders were picked to fill top level positions as part of the succession planning, yet employees from within the organization felt they deserved the positions. This resulted into many employees perceiving the new managers as intruders rather than co-workers.

The behavioral resistance to change at CIC was also as a result of the parochial self-interest behaviors exhibited by some people who felt that the changes would disorient them. This was more so reported to have been the case to the staffs that had become too possessive of the company because they own part of it, hence regarding the change as depriving them that which they hold so dear. The new managers were labeled as intruders and opportunists. Such a kind of resistance led to the slow pace in the implementation of the changes, which in turn led to the company's inability to attain desired results in the first year of the introduction of the changes. Respondents also attributed behavioral resistance to change to the fear of losing employment, fear of dynamism, fear of losing recognition and position, sense of disruption arising from inadequate comprehension of the overall /ultimate benefits of the change, ignorance, fear of the unknown, lack of exposure, lack of concern for others in the wider perception that is "if whatever is being introduced does not benefit me it is not good", and high degrees of complacency with the status quo.

Further, the study established that behavioral resistance to change at CIC had several other causes other than the ones pointed above. Respondents indicated that, in general, the phenomenon of resistance overwhelming and that it was a scenario of the old versus the new. The older generation of staff felt that their jobs were threatened and therefore considered the change as a direct threat to their own existence. They also considered the new entrants as intruders in the company. The respondents also noted that the changes were hampered by the detached senior management, which set them apart from the juniors. This bred mistrust, rivalry and a feeling of discrimination, which resulted into a “wait and see” attitude. It was also established that such detachment led to lack of transparency and dissemination of critical information during the implementation stage.

Systemic resistance was also identified as a major challenge in managing change at CIC. The respondents cited the lack of adequate funding, which constrained the hiring of adequate staff in various positions to implement the changes. For example although initially the structure had envisaged four positions of General Managers, this has not been possible presently. They also pointed out that adequate skills were not readily available from within the organization due to lack of proper training, inadequate information about the change due to poor internal communications. The inability to cope with the speed with which the changes were introduced was evidence that systemic resistance was present at CIC.

The respondents suggested that even though there was rampant resistance to change at CIC, it was addressed by improved communication and involvement of more employees and representative groups. It was observed that at a general institutional level, the CIC is amenable to change. Co-operative tradition, however, is democratic and requires people to question things and this can sometimes be mistaken for resistance to change.

Owing to the challenges that were faced involved in managing change at CIC, respondents pointed out areas that need to be addressed. Key among these is the need to fully inculcate the best practice in corporate governance at all levels of the organization. This is an issue that all organizations need to grapple with and continue to improve on governance, staff morale in some sections was still low and requires a boost, adequate staffing, inadequate training and communication, career development path is still very unclear, the top-down approach is still the culture and there needs to a bi-directional approach, changes are still seen as foreign and not internalized, and negative feelings of loss by some individuals have never been fully eliminated.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The objectives of the study were to determine the strategic change management process at the Cooperative Insurance Company of Kenya and to establish the challenges involved in the management of strategic change at the company. In order to achieve these objectives the study examined the key strategic change process by use of an interview guide directed to persons at senior management positions who led the change process at the company. This chapter offers a summary of the main findings of the study with respect to each study objective and conclusions that were drawn on the findings. Recommendations and limitations to the study and suggestions for further study are also covered in this chapter.

5.2 Summary

Change is a transition from some current state which is undesirable to some desirable future state through some set of actions. Understanding and managing change are the dominant themes of management today. Adapting to the ever-changing present is essential for success in unpredictable future. It was on the spirit of this observation that this study was designed to document the change process at CIC. The study established that the company has undergone a number of structural and strategic changes for the last 3-4 years.

It was determined that structural change at the company was the most fundamental one. The findings of the study indicated that the company has undertaken structural changes in order to accommodate tremendous growth over the last five years. The changes involved the review of the organizational structure from a hierarchical to a flat one and the grouping of main business divisions. This resulted into the establishment of head positions to lead in directing the strategic function. Some new positions were created such as Company Secretary, General Managers, and Assistant General Managers while some were merged and given more responsibility like the positions of Assistant General Managers Branch Operations. The new organizational structure was implemented in 2006. The restructuring necessitated the grading of staff according to their tasks, hence job groups were created and everyone falls into a particular job category.

The study also established that the company has undertaken a number of strategic changes. According to the respondents, the strategic changes that CIC has undertaken were guided by the 2004-2008 strategic plan. The changes involved adopting the Balanced Score Card as a strategic tool to develop a road map for the development of the company; amending of the corporate vision and mission, from taking the company to the top six insurers to focusing the company for the number one position in the industry, introduction of Performance Management as a tool for realizing growth, networking of all Area Offices for enhanced service delivery, undertaking Relationship Management and Co-operative Business Initiative, entering into strategic alliances for faster business growth and image building, introduction of ordinary life department to increase the company's market share in the individual life business, and refocusing on the co-operative sector and expanding into micro insurance.

The study findings showed that the changes at CIC were motivated by various factors. Key among them was the demands of growth in the company. It was noted that such growth path and its inherent challenges necessitated that CIC adopt changes that would prepare the company for other related challenges in the future. Other inherent drivers of change at the company were the need to: establish multi-level management by consolidating growth into efficient and manageable structures; meet demand by shareholders for increased profitability; meet demand for efficient services to clients; develop adequate capacity capable of handling the rapidly expanding business volumes, maintain focus and identity while at the same time identifying with the market environment (increased competition among insurers, declining profits in commercial sector business, and the realization that the co-op sector has not been fully insured); compete effectively and develop niche markets such as churches and micro-insurance;

and anticipate competitive market challenges and create staff development (succession planning) and more empowerment.

In initiating both the structural and strategic changes that have been implemented at CIC, the study findings established that most of the changes were planned. The changes were introduced through a carefully managed communication of the need for change in which all the staff in the divisions were made aware of the situation in the company and the need for change in order to deal with the market environment. The changes were communicated by the Board and CEO, while Divisional Managers carried out the implementation through further communication and training of Heads of departments (HODs). The HODs were then responsible for implementing the fine details of the change program. Changes in corporate governance were first introduced through training. This fostered an understanding of the changes needed and a buy in. The training has continued to introduce new people to the company to the principles of corporate governance. There were, however, instances the respondents indicated that changes were not planned.

The findings on the challenges involved the management of strategic change at CIC showed that organizational culture was the main challenge that was involved in the management of change at CIC. This cultural fabric contributed a great deal to the phenomenon of behavioral resistance to change, which respondents indicated was very high. The respondents indicated that the high resistance was manifest when outsiders were picked to fill top level positions as part of the succession planning, yet employees from within the organization felt they deserved the positions. Systemic resistance was also identified as a major challenge in managing change at CIC. The respondents cited the lack of adequate funding, which constrained the hiring of adequate staff in various positions to implement the changes.

5.3 Conclusions

The findings of the study have shed adequate light to draw pertinent conclusions about the management of strategic change at the Cooperative Insurance Company Limited. The company has undertaken structural changes in order to accommodate tremendous growth over the last five years. The changes involved the review of the organizational structure from a hierarchical to a flat one and the grouping of main business divisions. The company has also undertaken a number of strategic changes guided by the 2004-2008 strategic plan. The changes involved adopting the Balanced Score Card as a strategic tool to develop a road map for the development of the company; amending of the corporate vision and mission, from taking the company to the top six insurers to focusing the company for the number one position in the industry, and the introduction of Performance Management as a tool for realizing growth among others.

Both the structural and strategic changes at CIC were driven by the demands of growth in the company. Consequently, such growth path and its inherent challenges necessitated that CIC adopt changes that would prepare the company for other related challenges of the future. This view was out of a realization that under the current dictates of the market, CIC will not be able survive in future with its old structure characteristic of a small organization that was in place at a time of its inception.

The study findings lead to a conclusion that most of the changes at CIC were planned. There were, however, instances the respondents indicated that changes were not planned. The study established that the company involved external experts (Price-Waterhouse-Coopers and Strathmore University) to help come up with proper structures. It was indicated that the changes were in line with the company's Strategic Plan 2004-2008 and that planning was done from departmental level upward. It is however worthy noting that a number of challenges were found to impede the company's change agenda. It could be generally concluded that changes at the CIC were on a sound track albeit not all targeted areas had been effectively tackled during the time of this study.

5.4 Recommendations

A number of issues arise from the study and thus warranty the following recommendations.

Given the nature of context in which the Cooperative Insurance Company is operating, the issue of change at the company should be looked at critically with a view of giving it ownership. This arises out the observation that the change at CIC included the creation of new positions, which were filled by outsiders and the insiders were apathetic about it. Therefore, most of the insiders might not own the changes and support them.

Due to the dynamism and complexity of change, change should be treated as an ongoing process and not as a one off event. CIC should therefore embrace this spirit.

In change situations involving such a company with countrywide presence, it is desirable to use a change management model that seeks to take into consideration the unique requirements of the branches and allocate adequate resources to address such unique requirements.

Because of the need for objectivity and comprehensiveness required in diagnosing the need for change, it is recommended that company devises comprehensive change evaluation tools that embrace unanimity in order to obtain views on the best way forward from all members of the organization without fear and victimization.

5.5 Limitations

Every study encounters some level of limitations because of the scarcity of resources, mostly time. It proved challenging to get most of the respondents out their busy schedules to participate in the study and provide adequate information during interviews.

The study focused on senior management whose views might not be reflective of the entire CIC employees. Therefore the interpretation of the findings of this study should be done with this limitation in mind.

5.6 Suggestions for Further Research

Change is such that it can never be said to have been mastered because the environment in which organizations operate is ever dynamic, turbulent and unpredictable; and therefore presents new challenges, opportunities and other peculiarities. A limitation in resources also curtails the scope of a study such as this one. This results in the emergence of areas of interest that may require further study so as to give more completeness and greater understanding of the entire study area.

It is therefore suggested that a similar stud be replicated but from the perspective of various stakeholders' views to project a comprehensive view of the management of change at CIC. This will go a long way in validating the findings of this study and promote objectivity.

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APPENDICES

Appendix I: Interview Guide

1. Are you aware of the strategic/structural changes that have occurred at the Cooperative Insurance Company of Kenya in the last 3-4 years? Explain.

2. What in your view has necessitated the changes? That is, what are the driving forces behind the changes at CIC?

3. In your view, were/are the changes necessary? Comment further.

4. What aspects of your division/region did the changes at CIC target?

5. How was the change introduced and managed in your division/region? Elaborate your answer.

6. Were the changes at CIC, and particularly those in your division/region planned? If so, provide further information on how this was done.

7. Were all the changes at CIC and those in your division/region planned as you have explained above? Elaborate your answer

8. How were the employees at CIC particularly those in your division/region empowered to handle the changes?

9. What have been the major milestones/success of the change in your division/region and CIC in general?

10. How has the change been institutionalized/reinforced?

11. Was/is there any aspect of the needed change that was/has not (been) exhaustively handled/addressed? Mention it (them).

12. To what extent were the necessary resources adequately availed to undertake the changes?

13. How did the organizational culture enhance or inhibit the management of change at CIC as a whole?

14. What in your view were the major challenges that were involved in the management of change at CIC?

15. What are the critical areas that still need to be addressed and how could they be addressed?

16. How would you describe the phenomenon of resistance to change at CIC?

17. What could have contributed to the resistance you have described above (if any)?

Thank you for your cooperation