# AN INVESTIGATION OF HOW THE EXTERNAL CHANGE MANAGEMENT FACTORS INFLUENCE PERFORMANCE IN ORGANIZATIONS. A CASE STUDY OF OSERIAN DEVELOPMENT AND THE RELATED COMPANIES.

By

#### WANJIRU MERCY WAIRIMU

UNIVERSITY OF NAIROBI

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**JUNE 2007** 

#### Declaration

This research project is my own original work and has not been presented for award of a

postgraduate diploma in any other university.

**CHAIRMAN** 

**DEPARTMENT OF EXTRA-MURAL** 

Signed	Date 1910.712007
WANJIRU MERCY WAIRIMU	
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This research project has been submuniversity supervisor.	nitted for examination with my approval as the
Signed	Date 21(7107
DR. CHRISTOPHER M. GAKU	U (U.O.N)

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#### Abstract

This study was about investigating how the external change management factors influence performance in Oserian Development Company a leading floricultural industry and the related companies. The concern of the subject is because change is all pervasive and organizational change management is very important globally and is influenced by different internal and external factors either positively or negatively and Kenya in particular.

The project highlights how the various external factors like the technological, economic, market, sociolological and cultural and political/legislative influence change management and thereafter performance. Change management entails thoughtful planning and sensitive implementation, and above all consultation with and involvement of the people affected by the changes. The study employs a case study design to collect the relevant data which was collected from employees in ODC and the related company and has five chapters.

The other objective was to find out the consequences of poor change management strategies in organizations. I.e. ODC and the related companies. For example; Notable problems was resistance to change where 63.2% confirmed it was present mostly in the form of complains (69.3%), anger (58.4%) response rate, Thus the need for a suggestion box.

The sequence of resisting change consists of discovery. Attribution, emotion and then the decision to resist. Resistance to change arises because of various reasons, habit, and self interest. Misunderstanding and lack of trust, low tolerance for inconvenience threat to esteem and social relations and attention on management power. All this will affect the process of change management and an organization's performance.

From the study, on the external factors and their influence on change management and there after performance, it can be observed from the response of the respondents there were much changes in technology and, market/competition. This was shown by the

majority response as shown by 78.9% and 84.2% respectively. The other factors which were, economic factors, sociological/cultural factors and political and legislature had no much changes since they had 47.4%, 26.3% and 15.8% respectively of respondents who said that there were changes in these factors in the last 5 years or since they were employed.

The researcher was also concerned with whether the respondents were involved in the planning and implementation of changes. Therefore it can be observed that majority of respondents are partly involved as indicated by the 52.6% of the response rate. 31.6% of the respondents said that they were not involved, while only 15.8% felt they were fully involved in the planning and the implementation of change. From the majority of respondents as indicated by 73.7%, it was clear that lack of the respondent's involvement in the change management process influenced their behavior. 21.1% said that their behaviour was not influenced, while 5.3% said that they were not sure whether their behaviour was influenced or not.

For Oserian Development Company and the related companies to succeed in the change management process, it should ensure that it involves its employees in the planning and implementation of change and that the information in the company in relation to change should be fully communicated to the concerned employees. It should also ensure that the management of resistance to change among the employees is handled adequately before its effects manifest themselves (insecurity & uncertainty). Offer and provide appropriate intervention education/ training, to ensure the sharing of information obtained from the diagnostic phase with the affected employees and to help them realize the need for change.

## Acronyms

HR	Human Resources
HRM	Human Resources Management
IT	Information Technology
J.K.I.A	Jomo Kenyatta International Airport
<b>ODC</b>	Oserian Development Company- A leading floricultural industry
ОВ	Organizational Behavior
NRB	Nairobi is the capital city of Kenya

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#### CHAPTER ONE

#### 1.0 INTRODUCTION

#### 1.1 Background

Organizational change management is very important globally and it is influenced and affected by different internal and external factors, positively or negatively. Most organizations have been undergoing rapid changes during the last decade. Some hardly realizing it. Actually not all these change is immediately related to current economic problems.

Prophets of change have talked about the space age and the post industrial society' or the information revolution: already it has been noted that we are moving towards a society in which many repetitious jobs such as adding up or typing endless columns of figures, or endlessly feeding highly specialized one task machines are being phased out. These are being replaced by jobs requiring more skills, resourcefulness and increased discretion.

(Evans 1999, pp 220)

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One scholar Alvin Toffler (2007) discusses many possibilities and visions of the future in his book future shock and the third wave: but to (Evans 1999, pp 220) the basic message is that change is increasing in amount of it. The rate of change is accelerating too. When introducing change, Kreitner (1992) who studied the Pepsi Company says that managers often are surprised and dismayed that things do not turn out as planned even in a company like Oserian which the research aims to study. Frequently, the change itself is not the problem, rather the change process to blame in affecting performance.

Change is the order of the day for today's managers. Kreitner (1992) quotes Tom Peter's words in his book "Thriving on chaos" an IBM executive as saying "we must reexamine every relationship, every element of doing business, every process and procedure. The only plausible criterion for success is: are you changing enough, rapidly enough to successfully confront the future?"

Human resource management (HRM) departments according to Phil Hay and Charmine (2007) are often charged with the design and management of organizational change programme. Change implementation, may lead to perceived threats to one's job security, to one's way of performing work and to one's power and consequently may lead to employees' resistance during change implementation. Therefore, an important consideration in change management initiatives is the assessment of the likelihood of resistance and ability of employees to undermine the change effort and performance thereafter. That is, if better results are to be achieved.

Managing change is seen as a matter of moving from one state to another specifically from the problem state to solved state. To most scholars of diagnosis or problem analysis it's generally acknowledged as essential. The stated problem in change management and its relationship to performance is a critical issue to warrant an investigation therefore, goals are set and achieved at various levels and in various areas or functions. Ends and means are discussed and related to one another. In fact careful planning is accompanied by efforts to obtain buy-in support and commitment. The net effect is a transition from one state to another, in a planned, orderly fashion (the planned change model). (Nickols 2007)

#### 1.1.1 The external Factors influencing change management.

A variety of forces influences change and innovation in organizations. Both internal factors for instance alterations of strategies and plans, ethical difficulties that arise due to employee behaviors, decisions requiring changes and innovations, organizational culture shifts, leadership changes and reorganizations among others. External factors which the study will concentrate on. (Bartol 1991) says that the external forces on organizations develop in the external environment, which is made up of the general, or mega environment and the task environment. The mega environment reflects broad social conditions and trends related to technological, economic. Political, social cultural and international environmental elements. Since such trends tend to be beyond the ability of a single organization to influence, organizations typically must attempt to adapt to such changes.

On the other hand (Bartol 1991) points out that organization may have some prospects for affecting task environments, which include customers, competitors, suppliers, labor supply and government agencies. But the task environment depends largely on the products and services that an organization decides to offer and on the locations where it chooses to conduct its business. In this case ODC is a flower growing company and its farm in Naivasha and supporting office in Nairobi at the J.K.I.A.

#### 1.1.2 The convergence of two fields of thought By Jeff Hiatt (2007)

Change management is the application of many different ideas from the engineering business and psychology fields. As changes in organizations have become more frequent and a necessity for survival, the body of knowledge known as change management has also grown to encompass more skills and knowledge from each of these fields of study. These two fields will help us understand change management and how it affects performance. (Jeff 2007) explains that the engineer's approach is looked as one that improves business performance and a psychologist's approach to managing the human side of change.

Jeff (2007) notes that students of business improvement have been learning and practicing how to make changes to the operations of a business as a mechanical system since Frederick Taylor's work as mentioned by Jeff in the late nineteenth century. This engineer (mechanical system) perspective focuses on observable, measurable business elements that can be changed or improved, including business strategy, processes systems, organizational structures and job roles. The field looks at the processes, systems, structure, business issues or opportunities, performance & financial and statistical metrics. Historically, companies embracing this mechanical approach to business improvement typically did not embrace change management concepts until their projects encountered resistance or faced serious problems during implementation and performance.

The field of psychologists is concerned with how humans react to their environment, how an individual thinks and behaves in a particular situation. This field is also concerned with Human resources, organizational behavior (OB), job satisfaction, turnover, productivity loss. Also helping individuals make sense of what the change means to them. Another view on the history of change management is that some scholars advocated a structured change management process early on. Jeanenne Lamarsh as quoted by (Jeff 2007) was actively using her organizational change model in the 1980's with companies like AT&T bell laboratories and later with ford and caterpillar. She authored the book changing the way we change in 1995. Others look at change management concepts presented in a combined process with business improvement skills by Ackerman & Anderson as quoted by (Jeff 2007)

The evolution of change management from the traditional values of controls, predictability and consistency- values that made change relatively simple to implement to the new values focused on accountability, ownership and empowerment have made the implementation of business change more difficult. In his research Jeff (2007) with more than 320 projects showed the primary reason for failure in major change initiative was lack of change management. The inability to manage people side of a business change in the presence of a new culture and new values is a major contributor of failed business changes and performance. Contemporary organizations exists in such turbulent times that change is no longer a choice. Consequently human resource manager is less concerned with questions of if the change should be implemented and more concerned with questions of how change should be implemented.

Thus coping with change, introducing changes in work patterns, technology and work method is a real contemporary problems and continuing one for management and supervision alike. Importantly, to note, a great deal can be done to plan for and anticipate change management which would have the major objective of maximizing the benefits of change, minimizing any adverse consequence. Also gaining the acceptance and cooperation of the work force in the proposed change. (Evans 1999 pp, 22).

Organization change is a pressing problem for modern managers and recently there has been emphasize for the need of planning to achieve proper change management (Donnelly 1992) He notes that some companies have instituted staff units whose mission is organizational planning. The planning units are specific responses to the need for systematic formalized procedures to anticipate and implement changes in the structure, technologies and personnel of the organization.

Some companies use specialists for instance Don McCulloch (a turn around experts). Don was head of marketing for pizza Hut in 1981 during the development and launch of pan pizza. This is now the chains top product coconuts for approximately 70% of sales. He also helped change the profit picture at C.F Hathaway a shirt company. (Donnelly, 1992)

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The study of how the external change management factors influence performance has been going on for a long time. To (Evans 1999) real problems emerge where change stops occurring at a steady gentle rate and become rapid fundamental and significant thus in turn can bring about bewilderment, personal stress, lack of motivation and commitment in the work force. All these can really affect the process of change management and organizational performance in this case; Oserian Development Company Nairobi office which the research will look at.

## 1.1.3 Brief History of Oserian Development Company

Oserian, meaning "place of peace" in the Maasai language is a leader in the floricultural industry and has its head office farm located on the Moi South Lake Road, Lake Naivasha with around 5,000 permanent employees. It also has an operation supporting branch at the J.K.I.A cargo area, Southern Road, 1<sup>st</sup> (ODC) & 2<sup>nd</sup> Avenues (a sister company Airflo which is now specializing in shipping ODC produce and other farms products abroad. Both with around 120 employees being served by the same management. ODC was established in 1969 as a vegetable growing farm; with a 5 hectare area of production and a work force of six employees by Mr. Hans Zwager and June Ashworth Zwager. Actually the couple was approached to invest into a project in

Naivasha in 1967. It commenced cut flower production in 1982, initially with statice variety and later was one of the first flower farms to start commercial Rose flower production. Since then, the flower growing industry has flourished and developed beyond all expectations. Today ODC with over 20years strong growth is a leader in its field and the largest multi-crop farm in Kenya.

ODC has been changing day in day out, which is a necessity to keep up with the stiff competition and also due to the issue of globalization. All influenced to some extend by expansion, new technology in all the operations, a diversed cultured employees workforce, changes in the economy (national & global), the political and government factors among others. All these external change management factors will be studied in ODC and an attempt to see how they influence performance. For instance one of Oserian's vision was to have a technological growing capability like the geothermal energy project & production facility, has the highest accreditation for market access like in (Holland, UK), over 5,000 permanent employees, leader in wildlife and environmental conservation. All these calls for an effective and efficient change management system to achieve the highest performance & attainment of its objectives.

## 1.1.4 Understanding what is change management

Change management scholars say it entails thoughtful planning and sensitive implementation and above all consultation with, and involvement of the people affected by the changes. Problems arise when change is forced on people change therefore must be realistic achievable and measurable. Chapman (2005-06)

Another definition of change management is that, it refers to the task of managing change. The obvious is not necessarily unambiguous. One meaning is that it's the making of changes in a planned and managed or systematic fashion. The aim is to more effectively implement new methods and systems in an on going organization. The changes to be managed lie within and are uncontrolled by the organization systems development projects (internal changes). Second meaning of managing change is the response to changes over which the organization exercises little or no control (e.g.

legislation, social and political upheaval, the actions of competitors, shifting economic tides and current among others) which this study will focus on as affecting change management and eventually performance.

Change management to Jeff (2007) is the process tools and techniques to manage the people side of business change to achieve the required business outcomes also to realize that business change effectively within the social infrastructure of the workplace. However to Nickols (2006) the overall process of change and change management remain pretty much the same. Thus it's this fundamental similarity of the change processes across organizations, industries, structures in different countries, continents i.e. globally makes change management a task, a process, and an area of professional practice. The environment as Stoner & Freeman notes (1992, pp 87) determines both the amount of uncertainty an organization faces and the extent to which one is dependent on others for vital resources. In turbulent environments organization must devote more of their resources to monitoring their environment. Thus ODC should consider this if the underlying problem is to be solved completely.

## 1.1.5 Organization change management and Organizational Performance

Performance is the achievement of organizational goals in pursuit of business strategies that lead to sustainable competitive advantage as Gephardt & Van Buren 1996 notes. To measure organizational performance more completely, one might use an approach similar to the balanced scorecard, which elevates non financial measures to a level consistent with a traditional focus on financial measures.

In this age of global competition, technological innovation, turbulence, discontinuity, even chaos, change is inevitable and necessary. The organization must do all it can to explain why change is essential and how it will affect everyone. Moreover every effort must be made to protect the interests of those affected by change.

On the other hand performance indicators are defined as statements of the performance expectations or requirements necessary for achieving the critical results of the position. They clearly communicate to employees what has to be done and employees should be involved in setting the standards under which their performance will be evaluated. Performance indicators include; quality, teamwork and customer service measures. Indicators organize information in a way that clarifies the relationships between a project's impacts, outputs and inputs and help to identify problems along the way that can impede the achievement of project objectives.

Carter McNamara (1997-2007) defines performance management as simply activities to ensure that goals are consistently being met in an effective and efficient manner. It can focus on performance of the organization, department, and processes to build a product or service, employees among others. Because today's organizations seem to change much more rapidly than in the past many scholars assert that no sooner is a measurement identified than the measurement becomes obsolete because the organization has changed substantially.

#### 1.2 Problem Statement

Change in organizations has become a way of life. For instance mergers, takeovers, layoffs, deregulation downsizing, new technologies, increased competition among others are daily occurrences. Hence the importance of change management; which in turn is affected by different factors, hence the need for the study. In particular in ODC the case study which has undergone tremendous changes. Change management to some encompasses change control, patch management institutions policies, procedures and processes for implementing change. (Evans 1999, pp 220) In fact one scholar Stoner & Freeman (1992) noted that the many rapid changes in the external environment of organizations and in particular at ODC and the related companies requires increasing attention from managers.

At the heart of change management lays the change problem. (Nickols 2007). That is, some future state to be realized, current state to be left behind and some structured.

Organized process for getting from the one to the other. The change problem might be large or small in scope and scale, might focus on individuals or groups on one or more divisions or departments, the entire organizations or one or no more aspects of the organizations environment. For instance at ODC Nairobi office issues like layoff of around ten employees between December 2006 and January 2007 took place due to external changes perhaps, economic, technological or market wise.

This caused a lot of fear and anxiety among the other employees as they were not aware of their fate, the new program (Dan soft a personal computer package) adopted by ODC around 2000 brought many changes in this computer era, thus rigorous training had & has to be done as the IT technology is dynamic and changing daily. Though the program has advantages like it allows for easier retrieval of information, cuts cost, comparison of details is easier, local purchase order cannot be forged for instance thus security of information high among others, there are problems.

The major one being the linkage line as ODC Nairobi is linked from ODC Naivasha offices as sometimes the link is down in NRB causing lot of delays, costly due to much training needed for new entrants in the firm. Other changes & change management issues come in the case study when ODC decided to separate themselves from Airflo, the shipping company as initially they were one and the same name and in one compound, but now in different compounds and different logos. These changes are influenced by external factors i.e. changes in the market, competition, technology, economic factors among others as shall be reflected in the literature review.

Organizations with poor systems techniques of change management face serious consequences. For instance it can bring about bewilderment, personal stress lack of motivation and commitment in the work force among others (Evans 1999, pp 221). Managing change is not the responsibility of employees. Theirs is to do their best which is different for every person and depends on a wide variety of factors (health, stability, maturity, stability, experience, personality motivation etc).

#### 1.3 The purpose of the study

The purpose of this study is to investigate how the external change management factors influence organizational performance at Oserian Development Company & the related companies, Nairobi offices at the J.K.I.A.

### 1.4 Objectives of the study

The objectives of the study are to;

- 1. To investigate the extent to which the various external change management factors influence organizational performance in ODC & the related companies Nairobi offices at the J.K.I.A.
- 2. To investigate the consequences of poor change management strategies in ODC & the related companies Nairobi offices at the J.K.I.A.

#### 1.5 Research Questions

- To what extent do the various external change management factors influence organizational performance in ODC & the related companies Nairobi offices at the J.K.I.A?
- 2. What are the consequences of poor change management strategies in ODC & the related companies Nairobi offices at the J.K.I.A?

## ch Hypothesis EAST AFRICANA COLLECTION

## 1.6 Research Hypothesis

- 1. The external change management factors influence organizational performance in ODC & the related companies Nairobi offices at the JK.I.A.
- 2. There are consequences of having poor change management strategies in ODC & the related companies Nairobi offices at the J.K.I.A.

#### 1.7 Theoretical Framework

This section aims to look at theories and propositions and show how the research question is related to the theoretical framework. The focus will be on the theory of uncertainty and dependence, the operational or management process approach and the affective events theory.

#### The Theory of Uncertainty and Dependence. (By Stoner & Freeman 1992)

The environment as a whole may be viewed as a source of information and as a stock of resources. Depending on its approach to its internal and external environment an organization therefore faces one of two theoretical problems as Stoner & Freeman (1992) explains. One is the uncertainty caused by a lack of information and dependence on others for vital resources. There are six environmental factors that affect an organization level of uncertainty and dependence and thereafter its performance.

For instance petroleum refiners become more dependent in the 1970's when crude oil supplies, concentrated in the middle East were suddenly less readily available by the 1980's, the Iran- Iraq war which embroiled the Persian gulf, had rendered the supply of oil even less dependable as had the web of uncertainty alliances in the region. This area becomes even more unstable in 1990, when Iraq invaded Kuwait, touching off the Gulf war early in 1991.

The environment is more uncertain and less easy to understand when;

- It is more differentiated:
- It is changing i.e. which the study will investigate on;
- There are numerous interconnections among its various elements.

On the other hand, organizations are more dependent in an environment where;

- Required resources are not widely available;
- Those resources are not evenly distributed;
- Increasing connectedness disturbs elements of the environment and the changes among them. (Stoner & Freeman 1992 pp 83)

#### The operational or management process approach.

This approach draws together the pertinent knowledge of management by relating it to the managerial job. What managers do like other operational sciences, it tries to integrate the concepts, principles and techniques that underlie the task of managing. In this case, the task of managing changes.

The approach recognizes that there is a central core of knowledge about managing that is pertinent only to the field of management. This approach draws on and absorbs knowledge from other fields including systems theory decision theory, theories of motivation and leadership, individual and group behaviour social systems and cooperation and communications as well as the application of mathematical analyses and concepts. The approach recognizes that the existence of central core of science and theory peculiar to managing and also draws important contributions from various others schools and approaches. The operational theorist is interested not in all the important knowledge in the various fields that only in that which is deemed most useful and relevant to managing i.e. managing change. Weihrich & Koontz (1993 pp 50, 51)

Henri Fayol and other scholars recognize that managing is a difficult task with an immense number of variables affecting it, just like change management is difficult. To them, some partitioning of knowledge is necessary and that some boundaries must be set if meaningful progress is to be made there or in any other field. This approach has been found useful to and understandable by practicing mangers. It is also a way of integrating into management useful and pertinent knowledge from all schools and approaches. Weihrich & Koontz (1993)

## Affective events theory by Weiss & Cropanzano, 1996

This theory relates to research questions as it states that some workplace events are effective events. That is, they produce emotional reactions. Emotions are reactions attached to events (Frijda, 1993; Weiss & Cropanzano; 1996) with the emotional reaction resulting from a cognitive appraisal of the situation. It explains further that emotions are crucial predictor of behaviour with research showing that discovery of organizational change produces emotional reactions. Consequently the discovery event qualifies as an affective event.

The proposed model therefore depicts employee decision to actively resist an organizational change effort and thereafter organizational performance affected. This is an important aspect to consider during change management considering all other factors that affect it. The sequence of resisting change consists of discovery. Attribution, emotion and then the decision to resist. Resistance to change arises because of various reasons, habit, and self interest. Misunderstanding and lack of trust, low tolerance for inconvenience threat to esteem and social relations and attention on management power. All this will affect the process of change management and an organization performance. (Terry; G.R 1997 pp255).

#### CONCEPTUAL FRAMEWORK

Independent variable (External factors) Technological factor Dependent variable Economic factor Change Customers Performance management Market factor Supplies Competition Indicators i.e. Profitability level Sociological and cultural Sales growth factor Market growth Low labour turnover etc Political & legislative factor

## The external factors that Influence organizational change management and thereafter performance in ODC as shown in the above conceptual framework.

Change management is the application of many different ideas from the engineering business and psychology fields as discussed above. As to Jeff Hiatt (2007) changes in organizations have become more frequent and a necessity for survival. The change management is a body of knowledge which has grown to encompass more skills and knowledge from each of these fields of study.

Change management is the task of managing task change (Fred Nickols 2006). It's also the making of changes in planned and managed or systematic fashions. It has been noted that internal changes might have been triggered by events originating outside the organization, i.e. the environment. Thus change management is the response to changes over which the organization exercises with or with no control e.g. technology (I.T) legislation, social and political upheaval, the actions of competitors, shifting economic tides.

The conceptual framework is showing the external factors that influence organizational change management in ODC and thereafter its performance. Performance is looked as the outcome of work for instance in a firm like ODC, it's also the impact achieved after every work done. Hence the performance or the achievements can be rise in profits, sales growth, market growth, low turnover rates among others. Where change management is the dependent variable, The independent variables being technological (IT) factor, economic the market entailing the customers, suppliers, competition sociological and legislature factor among others and the organizational performance indicators being issues like the amount of profits, sales growth, market growth, low labour turnover rates among others. Therefore all these factors should be considered as they bring changes in institutions, and require proper change management strategies if they are to overcome the challenges that come with changes and improve the overall organizational performance.

#### 1.8 Significance of the study

This part involves the rationale or justification of the study to the external factors influencing change management and thereafter performance in ODC is significant. This is because an effective change management discipline/process is arguably the most critical requirement of a successful organization. Change management is a set of standardized process designed to administer all changes to the organization production environment. The ultimate goal of this discipline process is to minimize the impact of change related incidents in an organizations service or production level, hence the importance of this study ensuring this goal is achieved can help lower the total cost while increasing the value of each department and performance e.g. IT to the organization.

This study will thus make special contribution to the existing knowledge and address certain gaps in this area of change management for instance how comes many companies still struggle with high levels of incidents and problems e.g. in IT arising from improperly implemented changes to the production infrastructure. For example Kenya Railways corporation, telecom among others. The results of the study will be used in aiding organizations i.e. ODC to handle organizational change and manage it effectively and efficiently. Also help the experienced people, managers who wish to reflect upon their experience in a structured way.

## 1.9 Scope and limitation of the study

#### Scope

The study will be conducted in the Oserian Development company (a flower farm) Nairobi branch though the main office is in Naivasha Southern lake and the related companies. Airflo at the J.K.I.A Cargo service areas, southern road 1<sup>st</sup> and 2<sup>nd</sup> avenue. The study will capture respondents from most departments in the company i.e. the IT, finance, administration, HR, production purchasing, Cold store and the supportive staff.

#### Limitation of the study

It is not possible to conduct the research with the entire population of the Oserian development company in my research. Therefore I shall identify a sample to work with, with an assumption that their views will be representative of the whole population. This is mainly because of limited finances and availability of all subjects is not possible as some may be out of the company for various reasons (leaves, field trips etc). The time factor is another issue that will limit my study.

## **CHAPTER TWO**

#### 2.0 LITERATURE REVIEW

This chapter contains the documentation of a comprehensive review of the published and unpublished works from secondary sources of data in my area of interest which is an investigation of how the external change management factors influence performance in organizations specifically in ODC Nairobi offices at the J.K.I.A.

Change management as mentioned earlier refers to the task of managing change. It is making changes in a planned and managed or systematic fashion. This is done with the aim of implementing new method and systems in an ongoing organization. Some of these changes are to be managed lie within and are controlled by the organization. For instance the "change control" aspect of information systems development projects. However, the internal changes might have been triggered by events originating outside the organization. In what change management scholars call "environment" which the study will concentrate on. Therefore, change management can also mean the response to changes over which the organization has no control which are the factors discussed below. (Nickols 2007)

To note is that change management entails thoughtful planning and sensitive implementation, and above all, consultation with, and involvement of the people affected by the changes. The change itself must be realistic, achievable and measurable. In blunt terms, Kreitner (1992) explains that organizations that fails to change are sure to fail and more so if it has no proper change management strategies. To note is that the average employee is wary of changes in the workforce. The changes could involve tuning, adaptation, re-orientation or recreation.

Change is the order of the day for today's managers, Kreitner quotes Tom Peter's words in his book "Thriving on Chaos" an IBM executive as saying, "we must re-examine every relationship, every element of doing business, every process, procedure. The only plausible criterion for success is; are you changing enough, rapidly enough, to

successfully confront the future?" all these need change management as within the change typology organizational change comes in all sizes and shapes. For instance often it's new and unfamiliar equipment, e.g. a personal computer a personal computer package like Dan soft in ODC, it could be re-organization, a merger, a new pay plan like the use of Stanbic Bank services in ODC, a new performance appraisal program.

Whatever its form, change is like a stone tossed into a still pond. The initial impact causes ripples to radiate in all directions, often with unpredictable consequences hence the need for change management. All these factors among others bring alterations in the composition of the workforce, countless social effects, and new problems for instance alienation and in turn this can affect organizational performance.

## 2.1The external Factors that Influence the Process of Change Management and thereafter organizational performance are :

### 2.1.1 Technological Factor

Technological changes affect how the change management will be done appropriately. Technological development can influence an organization's use of knowledge and techniques in producing a product or service and in performing other work legs financial analysis. Clerical tasks of the organization Donnelly (1992, pp 39) hence the importance of change management.

Technological forces require that management keep abreast of the latest development and where possible incorporate advancement to maintain the organizations competitiveness. This challenge is made more difficult by the quickening pace of technological change and thus can produce problems for organizations even those on the cutting edge of technology. For instance the dilemma faced by IBM's recently. Technological advancements have so quickly and substantially increased the power and capacity of personal computers that desktops and laptops. CPC are fast replacing large mainframe computers in many companies. IBM's problem is that it depended on mainframe sales for 60% of its profits Donnelly (1992).

Organizations should attempt to keep up with technological change through close contacts with research and development organizations, research scientists and other individuals involved in technological developments especially the information technology. Which is not a step that is smooth and easy for firms and it's a challenge that should be acknowledged hence warranting the study of change management.

At the present time technological factors is possibly the most important of the headings affecting change management. Evans (1999) says that new or substitute materials call the plastics, synthetic fibers etc) are both less labour intensive to produce than older materials and also cheaper/less labour intensive to use in production. Similarly the mechanization of physical process from writing by hand to word processors or from Hargreaves' Spinning Jenny of 1770 to the 1990 style robot production line often means less labour intensive activity; certainty new working methods and practices. Thus without proper change management strategies problems are bound to come by, resistance to the change by employees, increased job insecurity, fear among others.

#### 2.1.2 Economic factor

Economic forces as Donnelly looks at them in the state of America's economy and elsewhere are reflected by such indicators as inflation rates, gross national product unemployment rates the value of the dollar/Ksh., the size of the budget and trade deficits. Economic shocks have continued to bring change in organizations for instance the dot.com businesses where many investors have turned into millionaires overnight but suddenly loose everything again overnight.

Changes in the economy pose both opportunities and problems for managers especially when trying to manage change in times of continual moderate growth, many organizations enjoys a growing demand for output and funds are more easily available for plant expansion and other investments. But when the economy shifts downward (recession) demand plummets, unemployment rises and profits shrink. Survival of organization is threatened.

Thus organizations must continually monitor changes in the chief economic indicator to minimize threats and capitalize on opportunities. Change management should be carefully done by considering the economic factor situation of the firms some organization utilize projections of future economic conditions in making such decisions e.g. as whether to expand plant facilities or enter new markets.

The economic factors can greatly affect the process of change management especially where there were no or poor plans concerning the economic of a firm, national and the global market. Evans (1990) says that the general economic environment could affect an organization. For instance a depression could reduce, say the amount of public sector spending which would have consequence for institutions as diverse as hospitals, colleges research establishments and even a company the study aims to look at (ODC).

To Evans (1999) on a more immediate level any resources shortage-people attracted say, by better conditions elsewhere) money; (lack of new capital to renew assets) or materials due perhaps to a crop failure a war or the drying up of non-renewable resource) is usually the trigger for a series of changes within an organization (Evan 1999. pp 221). Economic factor affects change management, for instance an increase in staff turnover rate after a firm has used its resources to train and develop an employee career wise and increasing their employability. Therefore change management managers should consider this factor seriously.

#### 2.1.3 Market factor

#### **Customers**

Customers purchase organizations products or services may be individuals who differ in characteristics like age, education, income and lifestyle. Customers can also be organizations. IBM, for example powers its P/S/2 computers with microprocessors it buys form Intel Corporation. Organizational customers differ in the requirements of service, quality and delivery times for instance in ODC this applies (Donnelly 1992).

It's important to consider the customers in the market as they are the most vital to organizations. As their decisions to buy or not buy a firms output directly in this case ODC flower market in UK and Holland determines the company's sales revenues and ultimately its survival.

Organizations typically respond to customers forces in the external environment by taking action. They conduct customer's research that focuses on both present and potential customers. But how many companies do this? Here organizations seek to identify the customer's present degree of satisfaction, with their products and services and to discover any changing preferences (Donnelly 1992, pp. 31).

Changes in demand to Evans (1997) both increases and decreases for products or services and increase in supply (new competition arising? Changes in public taste or fashion are all significant factors. During change management therefore managers need to consider this factor.

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#### **Competitors**

Competitors to Donnelly (1992) are an organization's opponents, the companies against which the organization competes for customers and needed resources e.g. employees. Raw materials even other organization in the external environment. This is for instance ODC competes with Homegrown, Sher flower Company, Mayflower; among others thus it has to be abreast with its change management strategies. General Motors and Ford Motor Company American and United Air/Lines are other competitors.

The dynamics of these moves and countermoves by competitors can occur on many fronts and be fast-paced and difficult to predict. When this occurs competition is intense as it is in the soft drink industry, where Coca-Cola Company and Pepsi compete for market leadership. Each company continually moves and countermoves on a number of fronts e.g. new product / flowers development, distribution price and advertising /promoti on

Change management is affected by this market/competitors factors thus for firms to succeed they must make effective moves and countermoves on that to maintain or advance the company's position in the market place and this cannot be easily nullified by competitors responses. Doing so requires a thorough grasp of the relevant forces in the environment, especially competition suppliers.

#### **Suppliers**

All organizations requires resources-funds energy, equipment, services and materials to produce a product or service that succeeds in the market place suppliers affect the change management process. (Donnelly 1992, pp 33)

Their outputs are the buyers organization's input and thus can significantly affect the quality, cost and timeliness of the buyer's product or service. A buyer organizations like ODC is vulnerable to several potential supplier problems such as low materials quality or a suppliers financial crisis or labour strikes that prevents the buyer from receiving essential materials. For instance Reebok in 1987 faced labour unrest in Korea that prevented the company from filling its retailer's orders.

An organization can reduce their dependence on any one source by spreading their purchases of raw materials and other needed resources across several suppliers. They make sure the materials are standardized and thus can be made by many suppliers. This is enhanced by proper good change management strategies (Donnelly 1992, pp 34).

## 2.1.4 Political, legal and regulatory factor

Change management process in firms is affected/influenced to some extent by the political, legal and regulatory factors. They have an indirect but strong influence on the organization. For example, legislation by federal and state governments affects the wages and taxes that an organization pays, the right of employees and the firms liabilities for harm done to customers by its products. The regulations influence an organization's hiring and promotion of women and minorities (the equal employment opportunity commission). Its workplace safety (the occupational safety and health administration) the

level of pollutants its factories can release (environmental protection agency) and the establishment and activities of unions in its workplace (the national labour relations board) among others.

All these can act as both constraint and opportunity. For instance while some organization view antipollution laws as constraints. These laws have stimulated the growth of the pollution control industry. Hence the importance of change management. Examples of changes in world politics that can affect organizational performance are the break-up of the Soviet Union, opening up of South Africa after apartheid, escalation of hostility in the middle East, opening up of the market in China, acts of terrorism all over the world and the political instability in Somalia, Sudan among others. All these have changed business practices related to creating a back up of security, employee security, post-terrorists attacks.

Consequently many firms monitor governmental and legislative development to ensure their own compliance with the law but some do not. (Donnelly 1992. pp 42). To Evans (1999) changes introduced by government-reorganization of various aspect of the NHS, privatization of previously nationalized industries; health and safety, environmental health regulation. All these involve significant changes for those involved in affected organization. But organizations need to be ready, plan for any changes introduced by the government for it to be able to comply to succeed later.

#### 2.1.5 Social and Cultural factors

Change and change management is influenced both positively and negatively by social and cultural factors. These are forces in our social and cultural systems that can affect an organization's actions and the demand for its products or services. Every nation, organization has a social and cultural system e.g. the American one promotes the values of individuality, equality and free enterprise. The cultural diversity in an organization like ODC is a factor to be considered during change management, i.e. the culture, norms, values, beliefs and assumptions of its employees.

Overtime issues emerge and changes occur that can affect organizations. In the 1970's for instance the ecology movement had a major impact on legislation and numerous industries. (Donnelly 1992, pp 43)

Thus organizations should monitor social and cultural forces because these external forces are extremely important to their performance. The case today is that many companies ignore the potential effects of these indirect forces until they become direct forces. To avoid complacency, managers can adopt principles which commit their organizations to actions refined by society as in accordance with good citizenship. Donnelly gives an example of the ecological disaster (1989) following the grounding of the Exxon Valdes and the 1991 war with Iraq have heightened the concern for environmental issues, especially in relation to the use of fossil energy.

Sociological factors to Evans influences change management and it can be negative, if proper measures are not taken. To him besides effects of organized unions industrial bargaining, a new and increasingly powerful factor has been the rise of 'consumerism' And ecology/ conservationist movements. Thus no longer can organizations take certain points of decisions unchallenged. In fact, they may be forced to change processes or even close down enterprise felt to be dangerous. (Evans 1999, pp 222)

Change in organizations has become a way of life. For instance mergers, takeovers, layoffs, deregulation downsizing, new technologies, increased competition among others are daily occurrences. Hence the importance of change management; which in turn is affected by different factors, hence the need for the study. In particular in ODC the case study which has undergone tremendous changes. Change management to some encompasses change control, patch management institutions policies, procedures and processes for implementing change. (Evans 1999, pp 220).

In fact one scholar Stoner & Freeman (1992) noted that the many rapid changes in the external environment of organizations and in particular at ODC requires increasing attention from managers.

Human resource management (HRM) departments according to Phil Hay and Charmine (2006) are often charged with the design and management of organizational change programme. Change implementation, may lead to perceived threats to one's job security, to one's way of performing work and to one's power and consequently may lead to employee's resistance during change implementation. Therefore, an important consideration in change management initiatives is the assessment of the likelihood of resistance and ability of employees to undermine the change effort and performance thereafter. That is, if better results are to be achieved.

Managing change is seen as a matter of moving from one state to another specifically from the problem state to solved state. To most scholars of diagnosis or problem analysis it's generally acknowledged as essential. The stated problem in change management and its relationship to performance is a critical issue to warrant an investigation therefore, goals are set and achieved at various levels and in various areas or functions. Ends and means are discussed and related to one another. In fact careful planning is accompanied by efforts to obtain buy-in support and commitment. The net effect is a transition from one state to another, in a planned, orderly fashion (the planned change model). (Nickols 2007)

## **CHAPTER THREE**

#### 3.0 RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter sets out various stages and phases that will be followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. This section is an overall scheme, plan or structure conceived to aid the researcher in answering the raised research question. In this stage, most decisions about how research will be executed and how respondents will be approached, as well as when, where and how the research will be completed. Therefore in this section I will identify the procedures and techniques that will be used in the collection, processing and analysis of data. Specifically the following subsections should be included; research design, target population, sampling design, data collection instruments, data collection procedures and finally data analysis.

#### 3.2 Research design

This study is going to adopt a case study design meant to investigate how the external change management factors influence performance in ODC Nairobi offices and the related companies. Terry & Franklin (1997) define a case study as a description of a situation involving problems to be solved. A case study is also an in-depth investigation of an individual, group, institution or phenomenon. (Mugenda O & N. Mugenda 1999). The design has been selected because the primary purpose of a case study is to determine factors and relationships among the factors that have resulted in the behavior under study. Also because it's commonly used to study and practice managerial problem identification and solution which the research aims to study.

### 3.3 Target Population

The study will target all the employees of Oserian Development Company support section and the related companies (Airflo, Bloom, World Flowers, Nairobi Offices as at May 2007 at the J.K.I.A. Oserian meaning "place of peace" in the Maasai language is a

leader in the floriculture industry and has its head Office and farm in Naivasha. The population has been targeted for investigation because it will try to represent all the departments in the whole of Oserian family and all Nairobi office employees are affected by any change and its effects on performance influenced by the external factors among other factors. Again change implementation may lead to perceived threats to one's job security, to one's way of performing work, and to one's power and consequently may lead to employee resistance during change implementation and management. The external factors on technological, economic, market, sociocultural and political/legislative changes are immediately and greatly felt in ODC and the related companies.

#### 3.4 Sampling Design

This section according to Singleton et al (1983) refers to a research plan that indicates how cases are to be selected for observation or as respondents. The sample will be culled from the current list of all employees from the human resource office records. The list will be used because it's systematic, consistent and updated and will enable me to use systematic random sampling design. The design involves selecting subjects from an available population list in a systematic rather than random fashion. Where I will divide the population by the sample size which is 20 employees required to get the interval number. Respondents have to be interviewed from all the departments that is; ODC and the related companies; support section, human resource office, imports, consumables, stores, accounts, Airflo(management, cold stores), Bloom, &World Flower employees.

#### 3.5 Data Collection Instruments

The study will use both primary and secondary sources of data. Secondary data will be found from library research, management books and research reports. The primary data will be collected through the use of a structured questionnaire which will be dropped and picked later at the selected employee's desks. The questionnaire will consist both open and closed ended questions.

The questionnaire will be pre-tested and where appropriate adjusted before the study to establish the effectiveness of the instrument. This will thus enhance the reliability and effectiveness of the study and the improved scope of the information to be gathered. Follow-up interviews will be conducted to probe more information on unclear issues especially from the management. Employees will be briefed and informed that participation is voluntary and anonymity will be observed and encouraged.

#### 3.6 Data Analysis

Data analysis is the process of bringing order, structuring and interpreting the mass of collected data. The data will be analyzed using descriptive statistics—percentages and frequencies, bar charts and pie charts will also be used. Factor analysis will also be used in order to obtain a parsimonious set of perceptual, attitudinal and behavioural constructs as possible. Factor analysis is used in classifying a large number of dimensions of factors and also identifies the underlying constructs in the data which are referred to as factors.

#### **CHAPTER FOUR**

#### 4.0 DATA ANALYSIS AND INTERPRETATION

#### 4.1 Introduction

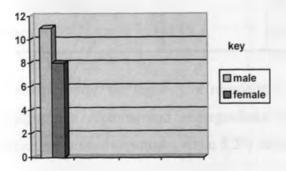
This chapter presents analysis and findings of the research. From the study population, 19 respondents completed the questionnaire out of the 20 sample size identified. This is approximately 95% of the target as some of the respondents were not in during collection time and had not completed filling in the questionnaire.

Table 1: Respondents age

Age bracket	Frequency	Percent %
21-30 years	8	42.1
31-40 years	8	42.1
Above 40 years	3	15.8
Total	19	100.0

From the above table 1, it was found that 42.1% of the respondents were between the ages of 21-30 years, 42.1% were between the ages of 31-40 years, while 15.8% were above 40 years. This clearly shows that Oserian and the related companies consists of long-term serving employees before retirement and promising productive staff.

Figure 1: Distribution of respondents by gender



From the above bar graph on the gender of the respondents, it can be observed that there was no discrimination in the employment, showing a fair distribution of males and females since ODC and the related companies is an equal opportunity employer. The

majority of respondents though were male as shown by 57.9%, while female were shown by 42.1%.

Table 2: Marital status of respondents

Marital status	Frequency	Percent %
Single	7	36.8
Married	12	63.2
Total	19	100.0

From the research, it was found out that the majority of respondents were married. This comprised of 63.2%, while 36.8% indicated single respondents.

Table 3: Employees education background

Education Background	Frequency	Percent %
Secondary school certificate	4	21.1
Post-secondary certificate	1	5.3
Post secondary diploma	7	36.8
Undergraduate degree	7	36.8
Total	19	100.0

From the study, the majority of respondents comprising of 73.6% said that they had a postgraduate diploma and undergraduate degree. 21.1% said that they had done a secondary school certificate, while 5.3% said they had done a post –secondary certificate.

Table 4: Distribution of employees in ODC and the sub-company/department

Company/dept	Frequency	Percent %
Oserian	5	26.3
Airflo	6	31.6
Bloom	2	10.5
WFL	2	10.5
Imports	1	5.3
Consumables	2	10.5
Technical	1	5.3
Total	19	100.0

Asked which sub-company/department they work for, 31.6% said that they work for Airflo, 26.3% said they work for Oserian, 10.5% said they work for Bloom, 10.5% said they work for WFL, 5.3% said they work for imports, 10.5% said they work for consumables, and 5.35% said they work for Technical department.

## The sub-company/department major role in aiding the Oserian office and farm headquarter in Naivasha.

In response to the above, the respondents gave the following answers depending on the department they work for.

#### Respondents in ODC (Oserian) section

These respondents comprised 26.3% and said their role was to make communications, doing purchases for Oserian as per order, making enquiries and comparing prices, to offer administrative support to the head office in Naivasha, ensuring timely payments/refunds and internal control procedure enforcement and also to raise the purchasing orders from Nairobi purchases and processing of invoices.

#### Respondents in Airflo section

These were 31.6 % and said their role was to make sure that they receive and deliver flowers accordingly hence giving proper feedback that enables smooth circulation up to the market, exporting flowers to Europe, they act as the link between the market and the farm on supplies and or priorities, handling customer goods and exporting company's products, planting flowers for export, and also receiving of goods to be used in the farm.

#### Respondents in Consumables section

Comprised 10.5%, their role is to allocate consumables and running stock and also to supply Oserian Company's purchase with consumable material for the day's processing.

#### Respondents in Bloom section

Comprised 10.5 % respondents and their role was to give orders to Oserian Development Company in Naivasha and to ensure that flowers are packed to specification and they arrive on time for shipping.

#### Respondents in world flowers (WFL) section

Comprised 10.5% who said they were concerned with ordering, generation of different data, administration and processing.

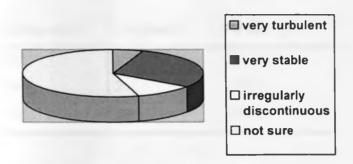
#### Respondents in Technical section

The respondents in this section comprising 5.3 % said their role is to ensure that quality systems are established maintained and updated.

#### Respondents in Imports section

The respondents in this section comprising 5.3 % said their role was sourcing materials for running the farm's operation internationally, importing, clearing through customs and dispatching to the respective department.

Figure 1: Respondents business/operation environment in relation to change management



The finding presented in the above pie chart indicates that out that the business/operation environment in relation to change management was very stable according to the majority of respondents, which was shown by 57.9%. 21.1% said it was irregularly discontinuous, 10.5% said it was very turbulent, while 10.5% said that they were not sure of the business/operation environment in relation to change management.

Table 5: Importance of long term planning in change management issues to the future success of the company, sub-company/department

Level of importance	Frequency	Percent %
Of no importance	1	5.3
Important	4	21.1
Very important	10	52.6
Essential	4	21.1
Total	19	100.0

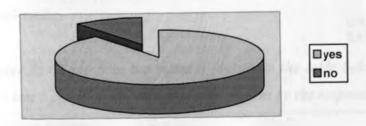
According to the majority of respondents comprising 52.6%, long term planning in relation to change management issues is important to the future success of the company or department, 21.1% of the respondents said it was essential, 21.1% said it was important, while 5.3% felt it was of no importance.

Table 6: Respondents view concerning the relationship between change management and performance?

Relationship	Frequency	Percent %
Yes	17	89.5
No	2	10.5
Total	19	100.0

From the above table, the researcher asked the respondents whether there was any relationship between change management and performance. It can therefore be observed that majority of respondents as indicated by 89.5% feel that there is a relationship which indicates how change management is important, while 10.5% said that there was no relationship between the two. The information can also be represented with the figure below,

Figure 2: Respondents view concerning the relationship between change management and performance



### 4.2. External and internal change management factors and their influence on organizational performance

Table 7: Changes in the external factors in the table below that have been noticed in the last 5 years or since employment by the respondents.

External factors	Yes %	No %
Technology	78.9	21.1
Economic factors	47.4	52.6
Market/competition	84.2	15.8
Sociological/cultural	26.3	73.7
Political and legislature	15.8	84.2

From the study, on the external factors and their influence on change management and there after performance, it can be observed from the response of the respondents there were much changes in technology and, market/competition. This was shown by the majority response as shown by 78.9% and 84.2% respectively. The other factors which were, economic factors, sociological/cultural factors and political and legislature had no much changes since they had 47.4%, 26.3% and 15.8% respectively of respondents who said that there were changes in these factors in the last 5 years or since they were employed.

Table 8: Changes in the internal factors in the table below that have been noticed in the last 5 years or since time of employment by the respondents.

Internal factors	Yes %	No %	
Structure	73.7	26.3	
Strategy	47.4	52.6	
Culture	15.8	84.2	
Systems	68.4	31.6	
Skills leadership styles	47.4	52.6	

On the internal factors, the structure and systems seem to have some changes since the proportion of respondents who said that there were changes were represented by 73.7%

respectively, while there seemed to be no much changes in strategy, culture and skills leadership styles, which were shown by 47.4%, 15.8% and 47.4% respectively.

Table 9: Respondents view on if there has been any change in their general performance.

Change in Performance	ange in formance Frequency	
Yes	16	84.2
No	2	10.5
Others	1	5.3
Total	19	100.0

Asked whether there has been any change in their general performance, the majority of respondents as indicated by 84.2% said that there has been changes in their general performance, 10.5% said that there has been no change in their general performance, while 5.3% were not sure whether there had been a change in their general performance.

Table 10: Showing the responses on if there are any changes in the general organization performance.

Changes in;	Yes%	No%	Don't know %
Profitability level	26.3	10.5	5.3
Sales growth	76.5	5.9	17.6
Market growth	78.9	10.5	10.5
Low labour turnover	21.4	28.6	50

The respondents were asked to state whether there have been any change in the general organizational performance in terms of profitability level, sales growth, market growth and low labour turnover. On profitability level, 26.3% said that there were changes, 10.5% said that there were no changes, while 5.3% said that they did not know whether there were changes or not. On sales growth, the researcher found out from the majority of

respondents i.e. 76.5% that there was a change in market growth, 5.9% said that there was no change, while 17.6% said that they did not know whether there was a change or not. On market growth, the majority as shown by 78.9% said that there were changes in market growth, 10.5% said that there were no changes, while 10.5% said that they did not know whether there were changes or not. On low labour turnover, 21.4% said that there were changes on labour turnover, 28.6% said there were no changes, while 50% said that they did not know whether there were changes or not.

Table 11: Respondents view on how the external change management factors influence organizational performance.

External factors	1 (%)	2(%)	3 (%)	4 (%)	5 (%)
Technological factor	10.5	26.3	0	31.6	31.6
Economic factor	5.3	0	26.3	36.8	26.3
Market/competition factor	5.3	0	5.3	42.1	47.4
Sociological/cultural factor	33.3	16.7	16.7	27.8	5.6
Political/legislature factor	23.5	5.9	35.3	23.5	11.8

Key to table 11

1-3-least influence

4-5-most influence

From the above table on how the change management factors in the table influence organizational performance; the respondents gave their responses as below:-

**Technological factors**- the majority of respondents as indicated by 73.2% said that technological factors mostly influence organizational performance, while 36.8% said that this factor had the least influence.

On economic factors- Among the respondents 63.1% said that the economic factor has the most influence, while 31.6% said that it had the least influence.

Market/competition factors- Among the respondents 89.4% said that this factor had the most influence, while 10.6% said that it had the least influence.

Sociological/cultural factors-Among the respondents 66.7% said that sociological factors least influence organizational performance, while 33.4% said that this factor has

most influence on performance.

Political/legislature factor- Among the respondents 64.7% felt that this factor had the least influence on organizational performance, while 35.3% said that it has the most influence.

Table 12: Respondents view on how the internal factors influence organizational performance

Internal factors	1 (%)	2(%)	3 (%)	4(%)	5(%)
Structure	21.1	0	15.8	31.6	31.6
Strategy	15.8	0	21.1	47.4	15.8
Organizational culture	26.3	5.3	36.8	26.3	5.3
Systems	0	6.3	31.3	25	37.5
Skills	0	16.7	22.2	44.4	16.7
Leadership	0	21.1	5.3	47.4	26.3

On the internal factors, the response was as below:-

Structure- the majority of respondents i.e. 63.2% said that the organizational structure most influence the organizational performance, while 36.9% said that it has the least influence on organizational performance.

Strategy- 63.2% said that this factor has the most influence on organizational performance, while 36.9% said that they least influence.

Culture-the majority of the respondents as indicated by 68.4% said that organizational culture has the least influence on organizational performance, while 31.6% of the respondents said it had the most influence.

Systems- 62.5% said that this factor had the most influence, while 37.6% said this factor had the least influence on organizational performance.

Skills-61.1% of the respondents felt that skills had the most influence on organizational performance, while 38.9% said that skills has the least influence on organizational performance.

Leadership- the majority of respondents as indicated by 73.7% said that the leadership factor has the most influence on organizational performance; while 26.3% of the

respondents said that this factor had the least influence.

Table 13: Respondents experience on any changes in their work/department in the last I-year to 3- months.

Experience of change	Frequency	Percent %
Yes	18	94.7
No	1	5.3
Total	19	100.0

From the majority of respondents (94.7%), it was observed that the respondents have experienced some changes in their work/department in the last 1 year to 3 months. Only 5.3% of the respondents said that they have not experienced any changes in their work/department in the last 1 year to 3 months indicating that change is all pervasive and part of everyday's organizational life.

The respondents who said that there have been changes in their work/department in the last 1 year to 3 months were asked by the respondent to state these changes. The changes were listed as below:

Changes in technology e.g. in computer use especially in aiding communication, dansoft program and telephone, Company realignment in order to compete effectively in the market, Group separation, moving of the offices, there has been additional tasks in their work, Management systems of working has changed, re-organization and staff training both external and internal to steer improved performance and effectiveness, retrenchment, The management has made a big change of staff by bringing in a younger generation and people from a different field, the immediate boss was sacked and being directed to report to another boss who is not familiar with import procedures, the staff seem to be relaxed with the change of management, Working together as a team.

Table 14: Respondents view on whether the change has been positive or negative

Change	Frequency	Percent %
Positive	16	83.3
Negative	2	11.1
Both	1	5.6
Total	19	100.0

The researcher asked the respondents whether the change has been positive or negative, and it can be observed that the majority of them said that the change was positive as indicated by the 83.3 %, while 11.1% said that it was negative, but a portion of 5.6% said change had both effects, that is; both negative and positive.

Table 15: Respondents answer on if they were involved in the planning and implementation of the change(s)

Involvement	Frequency	Percent %
Not involved	6	31.6
Partly involved	10	52.6
Fully involved	3	15.8
Total	19	100.0

The researcher was also concerned with whether the respondents were involved in the planning and implementation of changes. Therefore it can be observed that majority of respondents are partly involved as indicated by the 52.6% of the response rate. 31.6% of the respondents said that they were not involved, while only 15.8% felt they were fully involved in the planning and the implementation of change.

Table 16: Showing the response of whether the lack of the respondent's involvement in the change management process influences their behaviour.

Involvement	Frequency	Percent %
Yes	14	73.7
No	4	21.1
Not sure	1	5.3
Total	19	100.0

From the majority of respondents as indicated by 73.7%, it was clear that lack of the respondent's involvement in the change management process influenced their behavior. Respondents consisting of 21.1% said that their behaviour was not influenced, while 5.3% said that they were not sure whether their behaviour was influenced or not.

Table 17: Importance of your involvement in the planning and implementation of the change(s)

Importance level	Frequency	Percent %
Of limited importance	3	15.8
Important	7	36.8
Very important	4	21.1
Essential	4	21.1
Any other	1	5.3
Total	19	100.0

The above table indicates the finding that majority of respondents (36.8%) feel that their involvement in the planning and implementation of the change was important, 21.1% thought that it was very important, 21.1% said that it was essential, while 15.8% said that it was of limited importance.

Table 18: Response on how the change was carried out

Change	Frequency	Percent %
At once	5	27.8
Gradually	11	61.2
Immediately	1	5.6
Continuous	2	11.1
Total	19	100.0

Asked how the change was carried out, the majority of respondents as indicated by 61.2% said that it was carried out gradually, 27.8% said that it was carried out at once, 5.6% said it was carried out immediately, while 11.1% said that it was carried out continuously.

Table 19: Response on who is responsible for implementing the change

Person Responsible	Frequency	Percent%
The chief executive officer	7	36.8
Managers	11	57.9
Consultants	1	5.3
Total	19	100.0

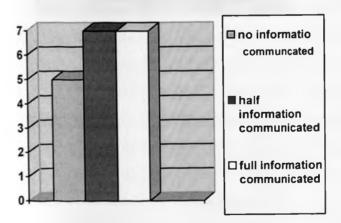
Majority of the respondents consisting of 57.9% said that the managers were responsible for implementing change in the organization, 36.8% said chief executive officer, while 5.3% said consultants are used.

Table 20: Response on if there are some levels of change management

Change management	Frequency	Percent %	
Yes	13	68.4	
No	4	21.1	
Not sure	2	10.5	
Total	19	100.0	

The researcher wanted to know from the respondents whether there are some levels of change management in ODC and the related companies. The majority of respondents indicated by 68.4% said that they thought that there were some levels of change management, 21.1% said they did not think that there were some levels of change management, while 10.5% said that they were not sure whether there were some levels of change management.

Figure 2: Response on whether information in the respondent's sub-company/department in relation to change is communicated.

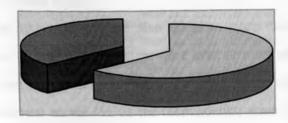


From the above bar chart it can be observed from the respondent's response on whether the information in their sub-company/department in relation to change is communicated. 36.8% said that there is partly/half information communicated, 36.8% said full information is communicated, while 26.3% said that there was no information communicated.

Table 21: Response on whether there has been notable resistance to change

Resistance to change	Frequency	Percent %
Yes	12	63.2
No	7	36.8
Total	19	100.0

This table:21 shows whether there was any notable resistance to change, the majority of respondents consisting 63.2% said there has been resistance to change, while 36.8% said that there has been no notable resistance to change. The above information can also be represented with the *figure 3*: below,





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Table 22: Response on specific signs of resistance to change

1 %	2 %	3 %	4 %	5 %
7.7	7.7	15.4	38.5	30.8
25	16.7	33.3	8.3	16.7
0	33.3	25	33.3	8.3
66.7	25	0	8.3	0
33.3	8.3	0	16.7	41.7
28.6	0	7.1	42.9	21.4
54.5	27.3	18.2	0	0
70	20	0	0	0
	7.7 25 0 66.7 33.3 28.6 54.5	7.7 7.7 25 16.7 0 33.3 66.7 25 33.3 8.3 28.6 0 54.5 27.3	7.7     7.7     15.4       25     16.7     33.3       0     33.3     25       66.7     25     0       33.3     8.3     0       28.6     0     7.1       54.5     27.3     18.2	7.7       7.7       15.4       38.5         25       16.7       33.3       8.3         0       33.3       25       33.3         66.7       25       0       8.3         33.3       8.3       0       16.7         28.6       0       7.1       42.9         54.5       27.3       18.2       0

Key to table 22

1-3-least signs

4-5-most signs

The respondents were also asked to state whether the signs of resistance to change in their company/department were least or most present.

Complains- were found to have the most signs from the majority of respondents as indicated by 69.3% of the respondents, while 30.8% of the respondents said there were least signs of complains as a resistance to change in their company.

Apathy- from the majority of respondents, that is 75%, apathy was found to be the least sign of resistance to change, while 25% said it was the most sign of resistance to change.

Errors-58.3% of the respondents said errors were found to be a least sign of resistance to change, while 41.6% said errors were present and the most sign of resistance to change.

Absenteeism- from the majority of respondents i.e. 91.7%, absenteeism seemed to be a least sign of resistance to change in this firm, while only 8.3% of the respondents said it was the most sign present.

Anger- from 58.4% of the respondents, anger seemed to be the most sign of resistance to change, while 41.6% said it was a least sign of resistance.

Gossip- the majority of respondents' i.e.64.3% said that anger was the most sign of resistance to change, while 35.7% said that it was a least sign.

Resignation- from all the respondents i.e. 100% resignation was found to be a least sign

of resistance to change.

Lobbying- Lobbying was also found to be a least sign of resistance to change as found out from all the respondents.

Figure 4: Response on if the management of resistance to change is handled adequately.



From the above figure the researcher wanted to know whether the management of resistance to change was handled adequately. 50.6% of the respondents said that it was handled adequately, 36.6% said that it was not handled adequately, while 12.8% gave other views.

Table 23: The effects of change among the employees

Effects of change	1 %	2 %	3 %	4 %	5 %
Redeployment	28.6	14.3	7.1	21.4	28.6
Retrenchment/redundancy	6.3	18.8	6.3	25	43.8
Training	50	6.3	25	12.5	6.3
Increased salaries	66.7	6.7	20	6.7	0
Decreased salaries	84.6	0	15.4	0	0
Increased workload	26.7	0	33.3	6.7	33.3
Decreased workload	84.6	7.7	7.7	0	0

Key to table 23

1-3- least effect

4-5- most effect

The researcher also asked the respondents to state the effects of change that are prevalent. The respondents stated them as below,

**Redeployment**- the respondents view was 50%-50 % about this effect; redeployment has a balanced effect.

Retrenchment/redundancy- this seem to have the most effect on the employees as shown by the majority of respondents i.e.68.8%, while 31.4% said that it had a least effect on the employees.

**Training-** from the majority of respondents as indicated by 81.3%, training had a least effect on the employees, while 18.7% said that it had a most effect on the employees. This showing how employees don't see or know the importance of training.

Increased salaries- the majority of respondents as shown by 93.4% said that increased salaries on the employees could have the most effect positively, while 6.7% said that it had least effect on the employees.

**Increased workload**- this seem to have no effect among the employees as shown by 60% of the respondents, while 40% said that it had some effect among the employees.

**Decreased workload**- from all the respondents' decreased workload did not have any effect among the employees. In general, workload whether decreased or increased did not have an effect among the employees.

Table 25: Response on whether ODC and the related companies have developed the capacity and capability to manage the external factors influencing change.

External factors	1 %	2 %	3 %	4 %	5 %
Technological factor	21.1	10.5	21.1	31.6	15.8
Economic factor	16.7	11.1	22.2	38.9	11.1
Market factor	11.1	5.6	11.1	44.4	27.8
Sociological/cultural factor	41.2	23.5	29.4	5.9	0
Political and legislature facto	113	26.7	35.3	20	6.7

Key to table 25

1-3- least capacity

4-5- sufficient capacity

The study also seeked to know the extent of capacity the departments have developed to manage continuous changes as influenced by the external factors in the above table.

The following responses from the respondents were obtained.

On technological factors- 52.8% of the respondents said that their department had the least capacity to manage and update the pervasive changes in technology, while 47.4% of the respondents said that it had sufficient capacity to manage it.

**Economic factor**- the respondents were 50-50 about this factor and they were of the view that their department neither had the least nor sufficient capacity to manage change indicating a fair economic situation.

Market factor- the majority of respondents i.e. 72.2% said their department had sufficient capacity to manage this factor, while 27.8% said that it had the least capacity to manage it. This seems that there is a fairly good competitive edge and market capability but the challenge always is how to maintain it.

Sociological/cultural factor- form the majority of respondents as shown by 94.1% it was clear that the departments had the least capacity to manage this factor, while 5.9% said that it had sufficient capacity to manage it. An indication also that the idea of this factor may not have been understood by the respondents.

Political and legislature factor- from 62% of the respondents, the respondents said that their department had the most capacity to manage this factor, while 26.7% said that their department had the least capacity to manage this factor during change and its management. This indicates that there are some good levels of compliance with for instance legal issues.

#### **CHAPTER FIVE**

#### 5.0. DISCUSSION, CONCLUSION AND RECOMMENDATION

#### 5.1 Introduction

From the analysis and data collected, the following discussions, conclusions and recommendations were made. The response was based on the objectives of the study.

Where the first objective was to investigate the extent to which the various external change management factors influence organizational performance in ODC & the related companies Nairobi offices at the J.K.I.A. While the second objective was to investigate the consequences of poor change management strategies in ODC and the related companies.

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#### 5.2 Discussions

The intention of the study was to obtain response on how the external change management factors influence performance in organizations and the consequences of weak change management strategies. The response rate was good at 95% of the targeted companies and their departments. From the study, it was noted that organizational change management is very important and it is influenced and affected by different internal and external factors, either positively or negatively. Another finding from the study is that long term planning in change management issues to the future success of a company is very important.

It was clear that the respondents saw a relationship between change management and performance. This is basically because how an employee perceives a change greatly affects how that person reacts to the change. For instance if employees cannot foresee how the change will affect them, they will resist or be neutral at best. Most people shy away from the unknown. Thus the attitude often is that the change may make things worse and therefore affect performance.

The external factors were found to influence changes and the respondents have noticed them in the last 5 years or since they were employed. For example; in the technological factors and market/competition, as well as in the internal factors structure of the organization and the systems have changed since then. From the majority of respondents, there seem to be some changes in their general performance. It was also found that in the general organizational performance there were changes in sales growth and market growth.

It was also clear that the external change management factors that influenced the organizational performance were technological factors, economic factors and market/competition factors. For instance the technological advances since World War II have been dramatic, with computers being the most notable. The internal factors present were, structure, strategy, systems, skills and leadership. To note is that internal changes may include budget adjustments, policy changes and personnel changes.

Another issue found out from the study is that the changes that the respondents felt and experienced were positive. Asked whether they were involved in the planning and implementation of the change, the majority of respondents said that they were partly involved and that lack of their involvement in the management process influenced their performance. To some extend therefore it was found out that there were some levels of change management, though not sufficient.

It was also clear that there were some notable resistance to change in Oserian Development Company and the signs of resistance to change were complaints, anger and gossip. The research also found out that the management of resistance to change was partly handled adequately and needed some form of improvement. The notable effects of change among the employees in Oserian Development Company and the related companies were redeployment and retrenchment/redundancy. The departments in Oserian Development Company and the related companies had developed capacity and capability to manage the changes in economic factor and market factor though.

#### 5.3 Conclusions.

From the findings in chapter four and discussions in this chapter five, it can be concluded that the external change management factors do influence organizational performance in Oserian Development Company and the related companies and that the consequences of poor change management strategies will make the employees have complaints, get angry and also start gossiping in the company which in turn can affect their general performance, thus determining the success of the organization.

It should also be acknowledged that internal factors also have influence on the process of change management. Therefore, to conclude is that a great deal should be done or plan for and anticipate change which would have the major objectives of maximizing the benefits of change, minimizing any adverse consequences and gaining the acceptance and cooperation of the work force in the proposed changes. All this will need the involvement and concerted effort by management as a whole and supervision in particular.

#### 5.4 Recommendations

For Oserian Development Company and the related companies to succeed in the change management process, it should ensure that it involves its employees in the planning and implementation of change and that the information in the company in relation to change should be fully communicated to the appropriate employees. Similar studies have advised (Rue 1992) that, for instance the direct feedback method could be used. It entails a situation where the change agent or management communicates information gathered in the diagnostic and change planning phases to the involved parties. Workshops should then often be conducted to initiate the desired changes.

It should also ensure that the management of resistance to change among the employees is handled adequately before its effects manifest themselves. (insecurity&uncertainty) This is because as previous studies have shown even though most people profess to be modern and up —to-date, they still resist change especially when the change affects their jobs. Rue 1992 notes that resistance to change is a natural, normal reaction and it is not a reaction reserved only for trouble makers. Therefore as change is taking place, issues like

the fear of loss of income, fear that skills and expertise will lose value, threats to power any inconveniences and the threats to interpersonal relations should be considered and appropriate measures taken including guidance and counseling. Giving all workers concerned the maximum possible warning of impending change as this will give them time to get accustomed to the idea of change.

Offer and provide appropriate intervention education/ training, to ensure the sharing of information obtained from the diagnostic phase with the affected employees and to help them realize the need for change. For instance the use of sensitivity training which is designed to make one more aware of oneself and one's impact on others. It involves a group, normally called a training group or T-group that meets and has no agenda or particular focus. Members are therefore engaged in a dialogue and encouraged to learn about themselves and others in the non-structured environment.

Another point to be stressed during change management is to ensure that the work force is aware of the benefits (to them) of the proposed change. Things like increased responsibility, job enrichment, up-grading better conditions and other monetary incentives are essential. More enlightenment to the employees is the issue of importance of strong cultures which can greatly contribute an organization's success. A strong culture here means one that is clearly defined, reinforces a common understanding about what is important, and has the support of management and employees. Important to note from previous studies as Rue 1992 mentions is that the management who have successfully changed organizational cultures estimate that it usually takes from 6 to 15 years. For instance Rue gave an example of how Jan Carlzon changed the culture at Scandinavian Airlines (SAS), he had in mind that the attempt to do so is difficult, time consuming thus a well thought out plan should be in place.

Above all follow up should be done regularly, see how people are coping with the changes and above all provide a favourable climate for the acceptance of the next subsequent changes envisaged.

#### 5.5 Limitation of the research

The study was well conducted and the response rate was fairly excellent since most of the respondents answered the questionnaire. However, there were inevitable limitations of the study and these can be summarized as below:

- Each company has its codes of practice that prohibits the employees including managers from divulging their information that would affect their customers in any way.
- 2. Oserian Development Company is a very busy place to work. I had to contend with most managers and some employees being away on meetings and taking too long with the questionnaires because of their very busy schedules. However, eventually, they would settle down and fill them.

#### 5.6 Suggestions for further research

A similar study should be undertaken focusing other companies and how the external change management factors influence their performance. Other studies should also be done to check on the internal change management factors and their influence on performance.

#### Appendix I

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#### Appendix II

# UNIVERSITY OF NARIOBI FACULTY OF EXTERNAL STUDIES DEPARTMENT OF EXTRA MURAL

#### STUDY QUESTIONNAIRE

**NOTE:** This Questionnaire seeks to investigate how the external change management factors influence performance in Oserian and the sister companies. i.e. Airflo: Bloom, world flowers.

The information in	this questionnaire will b	be treated confidentially and only used for academic
purposes. In case of	f difficulties or clarificat	tions, the data collector will discuss with you when
picking the comple	ted questionnaire. NB/ (	Tick in the boxes as it applies to you)
Date	Quest	tionnaire No
Title of respondent		
Number of years/m	onths worked in the cor	npany
PART A		
1. (i) Please check	the box that indicates	your age bracket (tick)
20 or below		
21-30		
31-40		
Above-40		
(ii)Gender	Male	Female
(iii)Marital Statu	s	
Single	Married	Others (please state)

(iv)Education (please tick appropriate level)	
Primary education certificate or equivalent	
Secondary/high school certificate	
Post- secondary certificate	
Post- secondary diploma	
Undergraduate degree	
Post graduate degree	
Others (please specify)	
2. (i). Name of the sub-company /departmen	nt working for (tick)
Oserian	
Airflo	
Bloom	
WFL	
Imports	
Consumables	
3. What is your sub-company/department n	najor work/role in aiding the Oserian office and
farm headquarter in Naivasha?	
Brief description	
4 How would you describe your business	or operation environment in relation to change
management? (tick)	or operation environment in relation to enume
Very turbulent	
Very stable	
Irregularly discontinuous	
Not sure	
MOL 2016	

5. How important is long ter	m pramming i	n change management issues to	the future success
of your company sub company	ny/departmer	nt? (tick)	
Of no importance			
Of limited importance			
Important			
Very important			
Essential			
Any other (specify)			
•••••	• • • • • • • • • • • • • • • • • • • •		• • • • • • • • • • • • • • • • • • • •
( D			0
	•	nange management and perform	nance?
Yes	No		
DADT D			
PART B			
This section focuses mostly	on the exteri	nal change management factor	s and internal and
their influence on organizati	onal perform	nance.	
		areas that you have noticed in	the last 5 years or
since employed? (tick in any	that apply)		
(a) External Factors		(b) Internal Factors	
Technology		Structure	
Economic		Strategy	
Market/competition		Culture	
Sociological/cultural		Systems	
Political and legislature		Skills leadership styles.	
(ii) Has there been chang	ge in your ger	neral performance	
Yes No		Others (specify)	• • • • • • • • • • • • • • • • • • • •

3. Any changes in the general	organizational	performance	in terms of;	(in the last one
vear).				
(a) Profitability level	Yes	No	Don't know	
(b) Sales growth	Yes	No .	Don't know	
(c) Market growth	Yes —	No -	Don't know	
(d) Low labour turnover	Yes	No	Don't know	
9. How does the change manage	ement factors in	ıfluence organi	zational perf	ormance (tick in
each factor)				
(a) External factors	Least influe	nce	Most influe	nce
	1 2	3	4	5
Technological factor				
Economic factor				
Market/ competition factor				
Sociological/cultural factor				
Political/legislature factor				
(b) Internal factors (tick)				
,	Least influe	nce	Most influe	nce
	1 2	3	4	5
Structure				
Strategy				
Organizational culture				
Systems				
Skills				
Leaderships				
1				

0.(1) 10 <b>nt</b> l		changes in your work/department in the last 1year- 3
րսույ	Yes	No 🗀
	(ii) If yes, briefly state the c	
		***************************************
		***************************************
	(iii)Has the change been po	sitive on negative?
	Positive	Negative
	Other (explain)	
11. V	Were you involved in the plan	ning and implementation of the change (s) (tick)?
	Not involved	
	Partly involved	
	Fully involved	
		. I I was a sent manager
12.D	Does the lack of your involve	ement or involvement in the change management process
influ	uence your performance?	Not sure
	Yes	No Not sure
13.H	low important do you think	your involvement in the planning and implementation of
the o	change (s) is ?	
	Of no importance	
	Of limited importance	
	Important	
	Very important	
	Essential	
	Any other (specify)	***************************************

	Least carried	Most carri	ed	
	1 2 3	4	5	
At once				
Gradually				
Immediately				
Continuous				
.Who was responsib	le for implementing the c	hange? (tick)		
	Least	responsible Mos	st responsible	
	1	2 3	4	5
The chief execu	tive officer (CEO)			
Managers (supe	rvisors)			
Consultants				
Others (specify)	)			
Yes	re is some levels of change	e management.  Not sure		
(ii) If yes do you	think it is adequate or n	eeds improvement?		
Yes	No	Not sure		
Uac information in				
No information	your sub-company/depar	tment in relation to	change comm	nunicated
	mation communicated			
Full information				
i un information	communicated			
Has there been notal	ble resistance to change?	(tick)		
Yes	No 🗔			

	Least signs		Most sig	ns	
	1 2	3	4	5	
Complaints					
Apathy					
Errors					
Absenteeism					
Anger					
Gossip					
Resignation					
Lobbying					
Yes No			ndled adequa		
Yes No	Othe	ers specify		ick in each)	
	Othe	ers specify		••••••	
What were the eff	Othe	ers specify		ick in each)	
What were the effective was a second with the second was a second with the second was a second w	Other Cects of change a	ers specify  among the en	mployees? (ti	ick in each) Most ef	
What were the effective of the control of the contr	Other Cects of change a	ers specify  among the en	mployees? (ti	ick in each) Most ef	
What were the effective of the effective	Other Cects of change a	ers specify  among the en	mployees? (ti	ick in each) Most ef	
What were the effective Redeployment Retrenchment/redu Trained Increased salaries	Other Cects of change a	ers specify  among the en	mployees? (ti	ick in each) Most ef	
What were the effective Redeployment Retrenchment/redu Trained Increased salaries Decreased salary	Cects of change a  Leas  l  indancy	ers specify  among the en	mployees? (ti	ick in each) Most ef	
What were the effective Redeployment Retrenchment/redu Trained Increased salaries	Cects of change a  Leas  I  Indancy	ers specify  among the en	mployees? (ti	ick in each) Most ef	
What were the effective Redeployment Retrenchment/redu Trained Increased salaries Decreased salary	Cects of change a  Leas  l  indancy	ers specify  among the en	mployees? (ti	ick in each) Most ef	

20. Do you think your department has developed capacity and capability to manage continuous change as influenced by the external factors? (tick in each)

	Least capacity			Sufficient capacity		
	1	2	3 -	4	5	
Technological factor						
Economic factor						
Market factor						
Sociological/cultural factor						
Political and legislature factor						