STRATEGIC CHANGE MANAGEMENT PRACTICES AT
KENYA POWER PENSION FUND

BY
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DECLARATION

This project is my original work and has never been submitted for a degree in any other university or college for examination/academic purposes.

Signature:………………………………..Date:………………………………………

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REG NO. D61/77168/2015

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

Signature:………………………………..Date:………………………………………

PROF. EVANS AOSA
DEDICATION

This work is dedicated to my beloved family who never ceased to remind me that I had a future to build.
AKNOWLEDGEMENT

I thank the almighty God for his faithfulness and provision throughout the study. Special recognition is deserved by my supervisor Professor Evans Aosa who provided the necessary guidance, laboured to read through the manuscript and made the necessary criticisms and comments. I also appreciate my family, classmates and friends for their encouragement and support throughout my studies.
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<td>DB</td>
<td>Defined Benefits</td>
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<td>DC</td>
<td>Defined Contributions</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GOK</td>
<td>Government of Kenya</td>
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<td>KPLC</td>
<td>Kenya Power Lighting Company</td>
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<td>KPPF</td>
<td>Kenya Power Pension Fund</td>
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<td>NSSF</td>
<td>National Social Security Fund</td>
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<td>QMS</td>
<td>Quality Management System</td>
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ABSTRACT

Change management involves improving the alignment among an organizations’ environment, strategy and organizations’ design. This study sought to establish the strategic change management practices at Kenya Power Pension Fund. The study used both primary and secondary data. An interview guide was used to acquire primary data from KPPF employees and Trustees whilst secondary data was obtained from the pension fund’s documents. The data collected was analyzed using content analysis technique to obtain a qualitative description that manifests the content of the data collected. The study established that Kenya Power Pension Fund underwent various strategic changes to align the organization to the changing competitive environment by effectively managing change. The key business strategic changes that had occurred at the Fund include closure of the Defined Benefits Scheme, establishment of the Defined Contribution Scheme and adoption of Quality Management System (QMS) and procedures through ISO certification. The people dimension of change included change in communication techniques, staff trainings, monitoring and evaluation. Strategic change management practices adopted by the pension fund included top bottom approach to communication, good corporate governance, stakeholder involvement, employee participation during change and organizational structure. The study found out that there were several challenges faced by the Fund during management of strategic change. The challenges were however not detrimental to the implementation of the change process. The main challenges include lack of designate change champion, lack of change model, resistance to change, public culture, resource challenges, restrictive regulations, structure inflexibility as well as system inefficiencies. To address the above challenges, the study recommends that Kenya Power Pension Fund designates a change champion, develops a change model, vibrantly communicate change and effectively engage employees and other stakeholders during change. The study also recommends training of employees to reduce resistance to change and enhance the pension fund’s culture. Diversification of investments to maximize returns as well as closely manage consultants to get value for money is required. Lastly the Fund should also place emphasis on pensioner’s education and adaptation to the organizational changes to increase acceptance.
CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

Change management involves improving the alignment among an organizations’ environment, strategy and organizations’ design. Change can start from outside sources through innovative advances, social political or financial weights. On the other hand it can originate from inside an organization as an administration reaction to a scope of issues for instance, costs, customer needs, human assets or performance issues. Change can affect a small area in the organization e.g. a department or the entire organization. There are essential principles and practices that help an organization to accept change.

Change is an intrinsic normal for an organization. Every organization, whether in private or public sector must experience change so as to stay significant. In today’s ever changing surrounding of organizations, change has gotten to be synonymous with standard business rehearses as long-term organizational objectives must be reformulated on a progressing premise (Volberda, 2002). Dynamics in the market have made difficulties for public organizations, with the arise of worldwide economy, propels in innovation, expanded societal demands, and the need to provide more social services with less resources.

This research will be based on three theories, that is, resource-based theory, stakeholder theory and environmental dependence theory. The resource-based theory imposes that in strategic management the basic sources and drivers to firms’ competitiveness and higher performance are for the most part connected with the
characteristics of their assets and capacities which are important and exorbitant to imitate (Mullins, 2005). This expands on the assumptions that vital assets are heterogeneously conveyed crosswise over firms and that these distinctions are steady overtime. Barney (2012) looks at the connection between firm assets and sustained competitive advantage. Stakeholder theory tries to efficiently address the topic of which partners do and don't merit or require organizations consideration through assessment of connections amongst organizations and stakeholders in light of trade exchanges, control conditions, authenticity claims, or other claims (Mitchell et al., 2013).

Environmental dependence theory contends that organizations are environment serving to such an extent that they can't totally control their own particular conduct and are impacted to some extent by external powers. The organizational environment is the arrangement of powers encompassing an organization that can possibly influence the way it works.

Organizations are natural entities that have shared relations with different entities in their surroundings where they work as open frameworks and depend on their environment for their input and market for their final products. For sure, organizations work in an environment that is progressive and turbulent with steady and quick paced changes that make yester-years techniques unessential (Johnson and Scholes, 2002).

Many organizations continuously undergo change and Kenya Power Pension Fund is not an exception. Its surroundings have turned out to be turbulent and the progressions experienced are going on at speedier rates than at no other time. Customers are
increasing and their demands are also increasing. To survive and develop, organizations must adjust to changes in their surroundings, if else they lose their capacity to compete. When the environment changes and the specialty initially filled by the organization either gets to be insignificant or is superseded, the organization must change or die. Since change is inevitable and the only constant thing, organizations must be ready to change or become irrelevant because their long term survival is pegged on adopting changes as they occur in the environment. Thus Kenya Power Pension Fund has applied several strategies and practices to help in dealing with the changes.

The main purpose of the Kenya Power Pension Fund is to provide benefits and pension for all permanent and pensionable employees of Kenya Power. It also provides benefits and pension to dependants of death in service employees. The Kenya Power Pension Fund has a total of 10,805 members spread between the Defined Benefits Fund (DB) and the Defined Contributions Fund (DC). The DB Fund has 3,816 active members and 231 deferred members while the DC Fund has 6,437 active members and 321 deferred members. The in-service DB Fund members belong to both Funds. Thus Kenya Power Pension Fund has applied several strategies and practices to help in dealing with the changes and help fulfill and exceed stakeholders’ expectations.

1.1.1 The Concept of Strategy

Johnson and Scholes (1999, p. 124) define strategy as “the direction and scope of an organization over the long term: which achieves advantage for the organization through its configuration of resources within a changing environment, to meet the needs of markets and to fulfill stakeholder expectations”. In addition, Pearce,
Robinson and Mital (2007, p. 84) define strategic management as “a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company’s objectives”. The strategy gives basic undertaking which involves directing, planning, controlling and organizing of an organizations strategy, related choices and activities. A strategy is an organizations blueprint that does not particularly detail all the future arrangements (individuals, funds, material). It provides a structure for administrative decisions and operationalizing of the same.

Although there are different definitions they tend to point towards confirming that strategies are long term, have strategic direction and organization (Johnson, Scholes, and Whittington 2011). It is important to note that the strategy process is mainly undertaken at the corporate level which comprises of the organizational chief executives and directors while the other levels like business and operational levels ensure that the strategy implementation is a success. The business level strategy helps connect decisions at the functional and corporate levels.

Lack of strategy brings about several disadvantages such as lack of focus inside and outside the organization as well as the inability to spot good and opportunities which will have impact in the organization or an individual (Adrian & Alison, 2008). An expanding number of African nations have as of late started change of their pension and social security frameworks (Barrett, 2012).

1.1.2 Strategic Change Management

Strategic change management is an arrangement of procedures utilized to ensure that noteworthy changes are executed in a controlled and precise way. Management of
strategic change in any organization is dependent on the extent of the challenge confronted in attempting to impact strategic change. It is not practical to expect that driving change adequately in one setting is the same as in another and inferences made to deal with improvement are promptly transferable between settings (Johnson, Scholes, and Whittington 2011).

Overseeing change has gotten expanding consideration as both external and internal components quicken their pace and test organizations to react appropriately. A vital part of strategic change is compelling communication within the organization that relates to every phase of the strategy. Imparting to employees as internal stakeholders is seen as essential for the result of change projects. Propelling an arranged correspondence procedure with the end goal of advising auspicious is an essential for productive criticism and possible achievement (Barrett, 2012).

Permitting employees’ voices to be heard can grow better comprehension about how inward correspondence can encourage strategic objectives. Senge (2010) cautions that redrawing the lines and boxes in an organizational chart without tending to the path individuals inside the organization connect might be futile. In this manner, understanding individual’s reactions to change is instrumental in cultivating their support and achieving organizational objectives for mutual benefit.

1.1.3 Pension Industry in Kenya

Kenya’s Pension systems were first set up after independence in 1963. The principal post independent pension scheme, the National Social Security Fund (NSSF), was set up in 1965. Regardless of the early foundation of a national pension fund, the pension
fund sector in Kenya remained fairly unregulated until the institution of the Retirement Benefits Act, 1997 (RBA Act) and the foundation of the Retirement Benefits Authority (RBA) in 2000 (Raichura, 2008).

The pension fund framework in Kenya has been administered by the independent Retirement Benefits Authority (RBA) since 2000. The RBA oversees the 1997 RBA Act that realized direction, security and structure to the benefits support industry. The pension fund structure in Kenya includes the board of trustees, the sponsor, the fund administrator, the custodian, members, the fund manager and the auditors. The RBA continues to regulate and develop the pension industry and advises the government on pension policy reforms.

Pension funds in Kenya can be classified into four main categories. The first category is the pension fund that is sponsored by the state and operates in the name of National Social Security Fund (NSSF). This pension is required to all employees both in the private and public sector. The second classification of pension funds incorporates the ones run by public service and is particularly intended to serve civil servants. The third classification of pension funds is called occupational schemes and they draw their participation from companies in the private sector that operate pension schemes. The last category comprises of individual pension schemes that run as Trusts and participation is open to all (GOK, 2010). In general the system is evaluated to cover 15% of the workforce and to have collected assets of 18% of the GDP (Kakwani et al. 2006). The pension fund framework covers about 2 million workers leaving an expected 5 million laborers uninsured under any retirement plan, of which no less than 10% are at or close to the retirement age (Kakwani et al. 2006).
In the course of the most recent decade, Kenya has embraced a noteworthy change of parts of its pension system. Though the essential inspiration for change of pension systems in numerous nations worldwide has been to address the developing financial weight of pension liabilities, the real driver for change was to fortify the management governance and effectiveness of the pensions system in Kenya. The Pensions systems however confront challenges as majority of them are not managed with a well-defined strategic plan. This has been further complicated by the way that current life has made retirement at age 55 or 60 appear a youthful age in which retirees are still expanding the baby boom. In this regard pension schemes lose a lot of money through supporting people that outlast the anticipated life support period for a retired individual.

1.1.4 Kenya Power Pension Fund

The Kenya Power & Lighting Company Limited (Kenya Power) as a Sponsor established a Staff Retirement Benefits Scheme (Pension Fund) by a Trust Deed dated 1 January 1970. The Pension Fund was formed for the employees of Kenya Power then known East Africa Power & Lighting Company Limited (Kenya Power Pension Fund, 2012). Following an actuarial valuation undertaken at the end of the year 2005, the Pension Fund was determined to be financially unviable and the Sponsor gave notice to the Trustees of its intention to discontinue making contribution to the Pension Fund. The Pension Fund had accumulated an actuarial deficit of Kshs. 5.2 billion and required major restructuring to enable it meet its obligation of paying retirement benefits to its members (Kenya Power Pension Fund [KPPF], 2010).

In pursuit of its mandate and following the recommendation of the actuarial report of 30th June, 2006, The Kenya Power & Lighting Company Limited Staff Retirement
Benefits Scheme made a decision to come up with a strategic plan that would help it charter its way ahead in the provision of its service to members. This resulted to the establishment of KPLC Limited Staff Retirement Benefits Scheme 2006 which was established by a Trust Deed and started operations on 1 July, 2006 as a defined contribution (DC) scheme. The Scheme became fully operational in December, 2006 following the constitution of the Board of Trustees in accordance with the Retirements Benefits Regulation 2000. Its main purpose is the provision of cash benefits and pensions for employees of the Sponsor upon their retirement from the Sponsor’s service and where applicable, relief for the dependants of deceased members.

The Board of Trustees in their strategic plans for the periods 2006 to 2010 and 2011 to 2015 identified establishment of best practice governance structures as among the key strategic objectives for the Pension Fund. The strategies to be implemented to achieve the corporate governance objective included developing and implementing best corporate governance practices; enhancing capacity through trainings; having appropriate policies and procedures in place; reporting to the stakeholders that include Kenya Power and the Retirement Benefits Authority; and preparation and adherence to annual Board plans. Through coordinated efforts of the Board of Trustees and the Sponsor, a restructuring arrangement was prepared and executed. The restructuring included the injection of additional funds to the Pension Fund by the Sponsor, adoption of prudent investment strategies and enhancement of corporate governance practices by the Trustees (KPPF, 2010).

Kenya Power Pension Fund confronts a few difficulties and how to deal with their effects. They include increasing sophisticated membership demands, greater
competition and options in the fund manager industry, inadequate resources and rapid technological changes. In addition, the legal environment is rapidly changing. The most recent change has been the inclusion of pension schemes owned by public entities into organizations subject to Public Procurement and Asset Disposal Act of 2015. While organizational change is a consistent experience, information and awareness about emerging and critical issues involved in the administration of such change is often lacking in those responsible for its execution. Clearly if organizations are ever to encounter a more noteworthy level of achievement in their improvement efforts, managers and program officers need to have a superior framework for implementing change and an understanding of the key issues which go with change administration.

The KPLC Limited Staff Retirement Benefits Scheme has a strong capital base but faces the challenge of how to optimize its returns on investments. The eventual benefits that members receive are highly dependent on the returns that the funds earn. In this strategic plan, the Scheme will be aiming at attaining highest possible returns at reasonable levels of risks.

1.2 Research problem
Strategic change administration needs to assess of both external and internal factors that influence the implementation of the change programme. It ought to likewise make use of fitting change management models. Furthermore, it is critical that resistance to change be expected and reasonable techniques designed to control the resistance to the change (Mugo, 2010). In strategic change management thusly, organizations adopt different practices keeping in mind the end goal in order to achieve the desired change.
Kenya Power Pension Fund needed to reorient; a situation which comes with its own challenges thus proving difficult in managing the change process. It is therefore crucial that Kenya Power Pension Fund regards change as an opportunity requiring flexibility and innovation. Hence the leaders and managers should accept the responsibility of driving change initiative and with both a strong professional and a good change management team, align Kenya Power Pension Fund with the changing environment by effectively managing strategic change. The Fund has undergone a lot of change both planned and unplanned. The restructuring process has encouraged detailing of various sytems: compliance and performance monitoring frameworks, corporate governance structure frameworks, and the risk management framework.

Researchers have done research on strategic change management in other organizations and they have varied observations on the subject. For instance, Rukunga (2003) carried a study on strategic change management practices in Kenya, a case of Nairobi Bottlers and found that Nairobi Bottlers did not give enough weight in empowering employees when implementing change. In her research, Nyororo (2006) set out to study Strategic Change Management Practices in the retirement benefits sector. The research study was carried out in National Social Security Fund and revealed that meddling of the government in the organizations’ management has hindered success in change management. Mutuku (2015) did a study on strategic change management at East African breweries limited, Kenya. The results from the study established that the key success factors in strategic change management are: organization culture, leadership, organizational structure, organizational change and stakeholder engagement.

From the foregoing, different organizations respond differently to environmental changes. Accordingly, Kenya Power Pension Fund continually undergoes change in
order to adapt to changes in the Kenyan pension industry which is increasingly evolving. There’s no one universal approach to strategic change management. No study that has so far been conducted on strategic change management in occupational pension funds and specifically Kenya Power Pension Fund. This has left a research gap that needs to be filled. In filling this gap this study sought to find out the strategic change management practices at Kenya Power Pension Fund. What are the strategic change management practices at Kenya Power Pension Fund?

1.3 Research Objectives

The objectives of the study were:

i. To determine how Kenya Power Pension Fund is managing its strategic changes.

ii. To establish the challenges of strategic change management at Kenya Power Pension Fund.

1.4 Value of the study

This study will be an important source of information for Kenya Power Pension Fund management to find out whether it is on track with its change management process and challenges the firm was facing in managing strategic change. It would be a basis for assessing the achievements so far and the capability of the firm to manage the change process following the firm’s growth due to a devolved system of governance.

Management in the pension industry would gain knowledge about the relevance and importance of managing strategic change which would form a basis for strategy formulation, implementation, evaluation and control. The players in the pension
industry would use this research study to assess their performance in managing change.

The results of the study will give insights into strategic change management hence contribute to the body of knowledge on strategic change management. It will also provide insight on challenges of managing strategic change in institutions. For students and researchers, this study will build on the existing theories. Students could use the study for topics that cover management of strategic change and the challenges experienced in managing change.

Researchers will benefit from the literature gathered by the study which will guide their investigation in furtherance of the body of knowledge. Researchers will also be able to use this study to conduct research to develop new theories, test existing theories or compare theories hence guide the accumulation of scientific knowledge and suggest new enquiries in managing strategic change.
CHAPTER TWO
LITERATURE REVIEW

2.1. Introduction

This chapter deals with the survey writing related to strategic change management practices. It covers theories and concepts of strategic change management practices as highlighted by different studies and scholars.

2.2 Theoretical Foundation

The theories on strategic management chiefly emanates from contingency, systems and information technology approach. The primary relevant strategic management theories observed in management literature include competition-based and profit-maximizing theory, stakeholder theory, the survival-based theory, the resource-based theory, the agency theory, the contingency theory and the human resource-based theory (David & Mohd, 2005). This research is based on stake holder theory, resource based theory and environment dependence theory.

2.2.1. Stakeholder Theory

Freeman (1984) founded this theory. Stakeholder theory is an instrument to recognize basic partners in the Management Practices environment keeping in mind the end goal of the strategy developments. Additionally, with regards to business ethic and corporate social duty, stakeholder analysis has been utilized to recognize vital areas of concern. Utilizing a range of affecting mechanisms, organizations in public sector might have the capacity to exploit their position as high-saliency stakeholders to impact corporate directors and investment funds. They can create power, legitimacy and urgency.

Stakeholder theory considers financial and moral issues that make organizations take social obligations and present fairness to everybody involved in business, with the
outcome that directors will run organizations for profiting all stakeholders. Therefore, the theory can be considered as a decent blend amongst economy and morals that empowers organizations to develop and advance service. Stakeholder theory has been scrutinized on both hypothetical and empirical grounds. Williamson (1993), the father of exchange cost economics, has contended that the immediate foremost direct principal-agent relationship amongst proprietors and managers is distorted as the number of stakeholders in the equation increases. Sternberg (1997) proposes that stakeholder theory is characteristically contradictory with all true business objectives and undermines essential property rights and corporate responsiveness.

2.2.2. Resource Based Theory

The resource-based theory was created as a supplement to the Industrial Organization (IO) view with Bain (1968) and Porter (1985) as some of its fundamental defenders. The industrial Organization view focuses on the structure conduct-performance paradigm and puts the organization’s performance determinants outside the organization, in its industry's structure. Being situated against this view, the resource based theory unequivocally searches for the internal sources of sustained competitive advantage (SCA) and aims at clarifying why firms in a similar industry might contrast in performance. As such, the RBV does not replace the IO view; rather it complements it (Peteraf 2003).

In strategic management, the resource based theory argues that the essential sources and drivers to firms’ superior performance and competitive advantage are primarily connected with the attributes of their capabilities and resources which are important, rare and costly to imitate (Mullins, 2005). This is based on the suspicions that vital
resources are heterogeneously shared over the organization and that these distinctions are stable overtime.

The theory has strength of promoting resources uniqueness in ensuring platform for sustained competition. The critique of the theory is that the RBV lacks considerable managerial implications or ‘operational validity’ (Priem & Butler, 2001). It appears to advise managers to create and get rare, inimitable, valuable and non-substitutable (VRIN) resources and build up a suitable organization, yet it is silent on how this ought to be done (Connor, 2002; Miller, 2012). Gibbert (2006) contends the thought of resource uniqueness –the merging of heterogeneity and stability –denies the RBV any potential for speculation, where one can’t make speculations regarding uniqueness.

2.2.3. Environmental dependence theory

Organizations are environment serving with the end goal that they can't totally control their own particular conduct and are impacted to some degree by outer powers (Ansoff and McDonnel, 1990). The open framework theory perceives that organizations operate and exist with regard of a larger environment that influences the performance of the organization and in turn the organization is affected by how it interacts with it. The organizational environment is the arrangement of powers encompassing an organization that can possibly influence the way it works.

The relationship amongst organizations and their surroundings is a focal issue in organizational theory and numerous researchers have addressed this phenomenon (Xi, Zhang and Ge, 2012). Also, the contemporary organizational environment is
described by four key striking segments: change, ambiguity, complexity, and uncertainty. Managers are, thusly, tested by issues of deciding causality, overseeing comprehensively and adjustment to fast change (Xi et al., 2012). The environment holds threats and opportunities and experiences and skillful managers discover market niches that are especially appropriate to the services, products and capabilities that are offered by the organization (Johnson and Scholes, 2002).

The organization’s environment consists of the remote environment, industry environment and operating environment. Therefore, the organization has to know how and what to respond to, know whether the actions should be proactive or reactive in order to increase market share and safeguard customers. Considerable changes in environments can undermine the fittingness of created routines and the appeal of secured positions, leaving organizations helpless. Be that as it may, though a few organizations waver when their surroundings transform, others flourish. Therefore, understanding why organizations are influenced so distinctively by environmental change is major to theories of survival and competitive advantage (Shane and Stuart, 2002).

2.3 Models of Strategic Change Management

Distinctive models, strategies and instruments have been created to manage the change process. Such instruments and strategies are frequently subject to the change that is required. Coaching people during the change process and encouraging learning of the needed skills is essential to deal successfully with the new environment (Paton et al., 2008). In a world of constant and accelerated change, an organizations ability to change is seen as a success factor that is more critical and is an important corporate asset than the change model adopted by the organization.
2.3.1. Kotter’s 8–Step Model

Kotter’s 8–Step Model as referred to in Mullins (2005) based on Lewin's three stage model to make a more definite approach for executing change. Kotter’s (1985) noted that managers failed in implementing change because of the following reasons: inability to create urgency about change, non-availability of a vision for change and inability to viably convey that vision, inability to give achievable goals and not tying down the progressions into the organizational culture.

For effective implementation of change, Kotter (1996) suggested eight steps which are: setting up a feeling of urgency by creating a convincing reason behind why change is required, shaping a coalition with enough to lead the change, making another vision to coordinate the change and procedures for accomplishing the vision, imparting the vision throughout the organization, enabling others to follow up on the vision by removing obstructions to change and empowering risk taking and imaginative critical thinking, planning for, making and remunerating short term “wins” that move the organization towards the new vision, uniting improvements, reassess change and make essential alterations in the new projects and strengthening the change by showing the relations between new practices and organizational achievement.

2.3.2. Lewin’s 3 step model of change

Lewin’s 3 step model of progress describes the change procedure of an organizational system as a progression of moves between various conditions of unfreezing, transition state and refreezing (Burnes, 2014). The unfreezing state is the underlying condition of the system which mirrors a state of relative dependability. When a problematic
constraint influences the status quo, individuals are propelled to discontinue some aspects of the behavior. Unfreezing is viewed as the most troublesome and critical state in the change procedure. The transition state speaks to a period of change process when individuals are no longer going about as they used to, but are set in a new conduct pattern. One of the reliable discoveries about the change procedure is that there is at first a decrease in an organization’s performance as change is actualized into the continuous activities of the organization (Fullan, 2011).

Herold, et al., (2002) posits that refreezing state occurs once employees have accomplished another arrangement of conditions and attitudes have started to express these in new everyday conduct. For new practices to last they should fit into the identity of the individual and the way of life of the organization that is being changed. Generally the conduct will be just a transitory adaptation to the weight of the change circumstance and will dissolve once the change specialist has stopped to disconfirm the old conduct. When the unfreezing and the transition states are well managed and planned, the consequence of the refreezing procedure is the desired state. In the event that the primary states are however not handled well, the organization and the people will refreeze but not really to the desired state.

2.3.3. Congruence Model of Organization Behavior

Nadler and Tushman (1979) came up with the Congruence Model of Organization Behaviour. The fundamental purpose of this model is that all components should be in arrangement keeping in mind the end goal to work. The main inputs into the system of this model are the environment, the strategy, the assets accessible and history of the organization. In considering the utilization of this model, a far reaching assessment of
the drivers of progress in the environment ought to be part of the underlying analysis. Garvin and Roberto (2010) established that fruitful programs for change management depended on the manager doing noteworthy work ahead of time to guarantee that staff will consider better approaches for working, a basic element of achievement in all change programs.

The transformational procedure is comprised of four key parts. These incorporate the work to be accomplished by the organization, the persons who carry out the job, the formal structures and procedures set up to inspire execution and the casual arrangements such as influence and communication, which portray how the organization functions. A reward framework ought to be set up and observed to guarantee the right practices are being energized. Targets should be agreed on ahead of time of the change so that achievement of the change process can be evaluated as the project advances. Outputs incorporate how objectives of the organization are accomplished, how assets are obtained and utilized, how individuals adjust to the change process, and by and large, how fruitful change process has been. Performance objectives are a fundamental component of fruitful change activities and as per Walsh (2013), these objectives should be an integral part of the change initiative design.

2.4 Strategic Change Management Practices
The main goal of change in an organizational is to align to the environment and or to improve in its performance. Without changing, organizations may not survive since the environment is dynamic and sometimes very turbulent.

Pearce and Robinson (1997) point out that powerful force in the environment are pressuring private and public organizations to change permanently existing structures,
strategy, policies, technology and practices. The change management practices are communication, employee participation, leadership, organizational structure and stakeholder involvement.

2.4.1. Communication Issues

Communication strategy is very essential when executing an organizational change. Uncertainty within an organization can be more distressing than the handy parts of the organizational change. Feeling uncertain about an approaching change and what position it might leave workers in is normal for those experiencing change (Walsh, 2013). Therefore, furnishing employees with information about an impending change can lessen nervousness and instability about expected results.

Miller (2012) found out that when change declarations were communicated, those communications that were convenient, valuable, and addressed employees ‘worries would more likely help workers feel prepared for change. Great communication allays fears amongst employees’, transmit a message that encourages worker self-adequacy for having the capacity to perform after the change is executed, and instruct employees about the expected change. Besides, communication encourages understanding as well as improves the upfront investment of employees to the vital requirement for change (Van Dam et al., 2008). Speaking with employees about their examination of the change and helping them discover a state of individual power within the change development encourages this trust in the change (Burnes, 2014).

Goodman and Truss (2010) found that there was very little distinction between the individuals who had gotten a considerable measure of information and the individuals
who had not, demonstrating that even the best-arranged communication strategy can at present result in employees who feel like they have not got enough information in a timely and suitable way. Hence, it is very important to ensure that fitting change communication strategy is coordinated to the type of change.

2.4.2. Employee Participation

While change communication is viewed as a decent approach to beat resistance, giving chance for employee participation in a change has additionally been recognized as an approach to lessen these negative attitudes toward changes to the work setting. Sashkin (2010) sets that the requirement for support in organizational change depends on the rule that it satisfies three fundamental human work needs: meaningfulness, autonomy and decreased isolation.

Investment in employees as well as their participation during organizational change is viewed as key in making the realities of the organizational change clearer. This also profits the change managers by increasing more information with respects to the skills of the employees and their perspectives (Lines, 2004). Not just do employees feel included and that their opinion matters, change managers get valuable information that can help them to settle on better choices with regards to executing a change.

2.4.3. Committed Leadership

The importance of leadership cannot be underestimated in any change management effort, and is more than once referred to as the main supporter to change success. In a project life cycle, the earlier an organization’s leaders take part in the change, the more helpful they can be at building acknowledgement of the change by those who
are affected by it. Change begins at the top and an organization’s leaders must be the visionaries, champions and good examples for change (Dorfman and House, 2012). The most ideal way for leaders to put forth a convincing defense for change is to consider the requirement for change at each level in the organization, not exactly at the top level. The top level requirement for change is quite often determined by main concern objectives, and does not touch the everyday work experience of the organization’s staff (International, Inc. 2008). Building up and imparting a need to change is one of the principal important strides to follow in executing change (Armenakis & Bedeian, 1999). In real changes, the leader of the organization is a key in this communication process (Kotter, 1996).

2.4.4. Organizational Structure

Strategies are formulated and actualized by managers working within the existing structure. The organizations structure is designed to breakdown how functions are to be completed in functional departments and business units. Individuals work within these units and divisions and their actions occur within a defined framework of policies, objectives, and plans. Successful strategic change depends on a substantial part on how a firm is organized. The structure helps an organization recognize its activities and how to arrange them to accomplish the firm’s strategic objective. Huczynski and Buchanan (2003) expressed that organizational change is a key goal. This essentially implies that major or radical moves in organizational design reflect changes happening in the more extensive social, political, economic and technological environment.

Adaptability has further been underlined as crucial in managing numerous uncertainties in the environment. Mintzberg, Quinn and Ghosal (1999) observe that
effective organizations actively create adaptability. This requires active horizon scanning, creating resource buffers, creating and situating champions, and shortening choice lines.

### 2.4.5. Stakeholder Involvement

Managerial leaders must create support from political regulators and key external partners. Organizational change relies on upon this level of support from political regulators and other key external partners. The effects of these actors on the result of change efforts stems to a limited extend to their capacity to force statutory changes and control the stream of resources that are key to public organizations. Political regulators can impact the result of arranged change by making and passing of a vision that clarifies the requirement for change, and also by selecting political nominees who are thoughtful to the change and have the knowledge and abilities required for dealing with the change (Golembiewski, 2012).

Stakeholders support is essential for any progressive change to be successful. Organizational change ought further bolstering and is not an activity that is confined to the owners to the owners of the organization, but should include staff, suppliers, customers, and any other external service providers who support the organization in its short term and long term activities. (Stanford Research Institute, 1963) concerning illustration cited in Freeman & McVea (2001) contended that for administrators to get required support from stakeholders, they need to understand and take care of the concerns of shareholders, customers, employees, lenders, suppliers, and society. This backing is essential for long haul achievement. Therefore, management need to actively investigate its associations with all stakeholders when creating business
strategies (Freeman & McVea, 2001). As stated by (SRI, 1963) as cited to Freeman & McVea (2001), the organizations success is determined by the support it gets from its stakeholders. In this connection therefore, a firm ought to plan methodologies that incorporate interest of all its stakeholders.

People ought to be included if they have data that cannot be accessed otherwise, or if their involvement is essential to ensure successful implementation of initiatives. Identification of people is therefore determined by their power and influence they have as stakeholders in the process (Thomas, 1993).

2.5 Challenges of Managing Strategic Change
Ansoff and McDonnell (1990) noted that since the emergence of systematic management of strategy attention was focused on two aspects: strategy formulation and strategic planning. However, the two aspects were developed on basic assumptions which were disapproved by the ensuing practical experience. Four conclusions were therefore clear: Reasonable people do not do reasonable things. Implementation of strategy does not naturally take after strategy methodology. Treatment of strategy planning and execution as two successive and autonomous processes was only a simulated convenience. Resistance to change was not restricted to presentation of strategic planning but rather happened at whatever point when change in an organizational presented discontinuous departure from the notable behavior, power structure and culture (Kotter, 1996).

One of the significant difficulties in strategic change management gives off an impression of being more social and behavioral in nature, including the effect of poor
incorporation of activities and reduced feelings of commitment and ownership (Heide, Gronhaug and Johannessen, 2002). Brenes and Molina (2007), in the interim, the distinguished deadly sins of strategic change management involve absence of understanding of how the strategy should be overseen and executed, staff and customers who do not fully appreciate the change, obstacles and difficulties not recognized or acted upon; and overlooking the everyday business imperatives.

The most critical element while overseeing strategic change is the commitment from top level management’s to the strategic direction. This is without a doubt an essential for strategy management. In this manner, top managers must show their willingness to give energy and unwaveringness to the change management process (Marginson, 2002).
CHAPTER THREE
RESEARCH METHODOLOGY

3.1. Introduction

This section gives the research methodology that was used to carry out the study. The chapter describes the proposed research design, data collection instruments and how data was analyzed.

3.2. Research Design

The design of the research was a case study, as it focused on strategic change management practices advanced by Kenya Power Pension Fund. A case study is an in-depth examination of an individual, phenomenon or institution. Case investigations permit a researcher to gather in-depth information, than in cross-sectional investigations with the aim of understanding phenomenon.

It also serves uncover the multitude of factors, which interacted to produce the uniqueness of the entity under study. Case studies put more attention to a full contextual analysis of lesser events or condition, and their inter relations (Cooper & Schindler 2006). According to Mugenda and Mugenda (1999), human behavior is best explained by using qualitative research. Case studies provide focused and valuable insights to phenomena that may otherwise be vaguely known or understood.

3.3. Data Collection

The study used both secondary and primary data. Primary data is more objective, original in nature and enabled the researcher to collect specific information directly related to the issue and current data. Secondary data was collected from the Pension
Fund’s documents that include strategic plans, risk management reports among others that provided historical information on the management of strategic change at the Fund.

The study utilized an interview guide as the data collection tool. The interview guide was considered appropriate for this study since there was need to gain an in depth understanding of change management at Kenya Power Pension. Thus, the study utilized interviewing as the data collection method since it allowed the researcher to utilize the probing technique useful in collection of a vast and rich amount of data. Interviews also provided quality data about what people were thinking or doing about the phenomenon under study.

The interviewees in this study included the Chief Executive Officer & Trust Secretary who is the chief strategist charged with the responsibility of facilitating the implementation of various policies approved by the Board. Other interviewees were; quality management representative charged with the responsibility of monitoring and evaluating Kenya Power Pension Fund processes, performance and reporting on the same to the top management; heads of finance and human resource to try and establish how the budgeting process and human resource aspects were anchored in the strategic management processes. Management staff and other senior staff were selected as the respondents as they were best suited to offer information concerning strategic change management practices adopted in the organization.

3.4. Data Analysis

The nature of information gathered was qualitative and was evaluated using content analysis technique. Content analysis is the deliberate qualitative portrayal of the
materials of the study (Hsieh and Shannon, 2005). It includes observation and point by point depiction for objects or items that contain the subject of study.

Content analysis is a method for measuring the content of communication. Its objective is to obtain a qualitative description that manifests content of communication. In content analysis, the responses from different respondents are compared and summarized according to the objectives of the study. Content analysis is the best method of analyzing the open-ended questions. It is suitable because of its flexibility and allows for objective and quantitative description of the content of data (Cooper et al, 2006).
CHAPTER FOUR
DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1. Introduction.
The chapter analyses data obtained and presents the findings of the study. It covers the general findings of the study, the change management practices and challenges faced in management of change as well as a discussion of the findings.

4.2. Respondents Background Information.
The research sought to acquire data from thirty respondents in Kenya Power Pension Fund. The respondents who took part in the study were the Chief Executive Officer & Trust Secretary, departmental heads drawn from pensions, finance, human resource and administration, property and information technology departments. They are part of top management involved in implementation of various policies approved by the board. The study also acquired information from eight trustees, QMS management representative and seventeen staff of Kenya Power Pension Fund. The researcher was able to interview all the respondents giving the study a 100% response rate.

Most of the interviewees had worked at the Fund for a long period with an average period of 8 years for the top management and 5 years for the middle management and junior staff. In addition, majority of the interviewees had bachelors and postgraduate degree qualifications and had been involved in implementation of various strategic changes at the Fund. This provided high confidence level that the information given by the respondents was correct found on the education level and past experience in management and change management process. Therefore, the information collected
was taken to be a true reflection of the real situation at the Fund and was regarded as
credible and reliable.

The strategic changes undertaken by Kenya Power Pension Fund were in response to
both internal and external triggers. The main external triggers were the changes in the
regulatory environment through the Retirement Benefits Authority (RBA) whose
main responsibility is to enhance governance and management of pension schemes in
Kenya. Other external forces include increasing sophisticated membership demands
(demand for quality service), rapid technological changes, changes in structures and
policies of the sponsor, employment change pattern and evolving interpersonal norms
and economic volatilities.

Internal triggers of change included the need for effective and efficient management
of the Fund, reorganization of investment portfolio to maximize investment returns,
need for use of information technology and customer satisfaction. The main intention
therefore was for the Fund to align realign itself with the changing competitive
environment by effectively managing strategic change. The researcher sought to
establish the change management practices adopted at Kenya Power Pension Fund.
The key change management practices considered by researcher include
communication issues, employee participation, committed leadership, organizational
structure, stakeholder involvement as well as the challenges faced by the Fund in
management of its strategic change.

4.3.1. Communication Issues.
The study established that the key business strategic changes that have occurred at the
Fund where closure of Defined Benefits scheme, establishment of Defined
Contribution scheme (2006), and ISO certification which led to the adoption of Quality Management Systems and procedures. People dimension of change management include change in communication techniques, staff trainings, monitoring and evaluation. Asked whether there was communication to all employees on the change management in the Fund, majority of the interviewees cited that communication was done depending on the type and magnitude of change. Change that required communication to all staff was well communicated through staff meetings, departmental meetings and emails. Incorporation of intranet had ensured that there were lesser delays in passing information as well as attending to the needs of customers and employees.

Enquiring on how often management communicated regarding change, the study found out that communication was properly done at the initial stage of the change management. Thereafter, the change process would either be managed by the management or established change committees. At such instances most of the junior staff agreed that they’d feel disengaged during the process of change. The study also established that at some instances, flow of information was efficient within specific levels such as management. Top down flow of information to junior employees depended on the departmental heads and established committees.

Ideally communication is supposed to flow in three directions; upwards, downwards and lateral. In most instances, communication on change is top down whereby information cascades down to all members of staff. There are no proper mechanisms laid down by the Fund to communicate ideas, comments and suggestions on crucial aspects of strategic change. In the event there is lack of personal staff initiative to communicate new ideas to senior management, innovation and invention is stifled.
All respondents were agreeable that efficient change management communication helped reduce anxiety and uncertainty about expected outcome of change.

4.3.2. Employee participation
A look at how employees were involved in change management in the Fund found out that most of the strategic changes were initiated by the Funds leadership. Change was in most instances handled by management and in some instances committees were established to lead the change. Employee participation in strategic change was mostly done through committees, and occasionally through staff consultative meetings, staff meetings, feedback reports as well as progress update reports. All employees participated in strategic change that required participation and involvement of all employees. However, majority of the junior staff cited that strategic changes that were led by the management, flow of information downwards was not easy and timely.

Employee participation in the Funds’ strategic change management resulted to successful change. However, the ease of change was dependent on the level of employee participation. Where employees were wholly involved, the respondents cited that the change process was seamless and successful with very minimal resistance. The main reason was that employees accepted and were committed to the strategic changes. Employee participation helped managers make better decisions when implementing a change through provision of information by staff, input and feedback. The top management cited that employee participation reduced change ambiguity, promoted acceptance of change and allowed for diverse opinions from the Funds employees.

4.3.3. Committed Leadership
The leadership of Kenya Power Pension Fund is committed to the best corporate governance practices and having appropriate policies and procedures in place. The
study established that it was the Funds’ leadership that was involved in change management. Most of the strategic changes came from the top leadership (Board of Trustees) then cascaded down to the secretariat for implementation.

To establish whether the Fund’s leadership interacted with subordinates and inspired them towards organizational objectives, all interviewees agreed that there was reasonable interaction between the Funds’ Board and management. Consultative meetings with different levels of management were held to discuss change and the impact of any imminent change. In some instances the board through management sought to get employee views and inputs on some strategic changes which was done through participatory forums or committees appointed to address a particular task.

The leadership of Kenya Power Pension Fund considered both human and emotional aspects of change during the change process. The Fund organized for training programs for its leadership and staff to facilitate change and ensure that they adapt to the need for strategic change. Respondents in the human resource and administration department explained that the Fund had adopted an open door plan policy which allowed all stakeholders to raise any issue without victimization. Full disclosure of information on the risks and impact of change was done to relevant stakeholders. In instances were such change was mandatory due to legal requirements, education programs were conducted to inform members and staff such changes and their impact.

The study established that the Fund employed both planned and emergent change practices. Planned change was done though periodic strategic plans which set out the key objectives for the Fund and the strategies to be employed to achieve those
objectives. Most emergent changes resulted from external regulatory forces whose impact was exerted pressure to existing organizational structure. The study also revealed that the Funds leadership did not have designated change agent(s) and there was no well-known and established model of identifying, planning, communicating and implementing change.

4.3.4. Organizational Structure

A look at how the structure of the Fund helped in change management, the interviewees cited that the structure was useful in allocation of tasks and assigning of authority. Decision making was better structured and the Funds’ activities were better coordinated. The interviewees however revealed that in some occasions, the structure was not adequate to support some strategic changes especially emergent ones. Some changes required more resources that the structure provided for resulting to multitasking. As a result some jobs were more stressed.

Asked whether the scheme structure helped the management exploit fully the skills and capabilities of employees, majority of the respondents cited that the structure did not fully exploit employee skills and capabilities. The main reason cited by the employees was high reliance by the Fund on consultants. While structure promoted specialization of tasks through creation of independent departments, some jobs were stressed due to multitasking leaving little room for creativity and innovation. In addition, the respondents stated that some changes took long to be formalized in the organizational structure and that the structure did not promote career progression.

The organizational structure has also evolved overtime in reply to changes in both external and internal environment. The interviewees stated that the structure overtime
created departments that were more specialized in nature and well empowered to perform particular tasks. However, the structure was not immediately responsive to emerging changes which in turn led to multitasking of responsibilities.

4.3.5. Stakeholder Involvement

The involvement of stakeholders in management of change was dependent on the change, magnitude, and impact of change. The study found out that all relevant stakeholders were fully involved by the Funds’ leadership in management of change. The management sought to get required support from relevant stakeholders so as to influence the outcome of the desired change for long term success. This was efficiently achieved by formulating strategies that integrated the interests of all stakeholders.

Asked how the external stakeholders influenced change management in the Fund, the interviewees cited that the most external trigger to strategic change was change in legal requirements. Most of these changes were emergent changes that resulted to change in the operating environment for pension schemes. Regulatory changes determined the composition and type of change. In the event of such change, the leadership of the Fund communicated the need to address such change. Either the management or a committee is put in place to address the emergent change. As a result, the Funds operations were affected through creation of more departments, engagement of consultants, and incorporation of IT in the Funds operations as well as a change in staff requirements. Other changes for example changes due to member requests, staff requirements and technological changes were planned changes which were deliberately designed and implemented.
The Fund made necessary efforts to explain to the stakeholders on the need for such strategic changes, the change benefits as well as the risks involved. This was done through member education, consultative meetings, staff meetings and agreements with elaborate terms of reference. The study however established that at some instances there was delayed involvement of key stakeholders.


The research study sought to establish the main challenges that Kenya Power Pension Fund encountered in managing strategic change. Asked who was involved in strategic change management at Kenya Power Pension Fund, majority of the respondents quoted management with reference to the Board of trustees. The study also revealed that the Funds leadership did not have designated change champion to govern employees towards change. There was no well-known and established model of identifying, planning, communicating and implementing change. As a result there were time lapses in implementing change as well as formalizing such changes in the organizational structures. In addition, some interviewees felt that communication to all employees and the level of engagement could be better throughout the change process.

To establish whether every employee of Kenya Power Pension Fund accepted and supported change, all interviewees agreed that there was reasonable acceptance and support for change. Majority of the respondents cited that not every employee accepted and supported change. Some of the reasons quoted by the respondents included general fear of the unknown due to change, territorialism of work where some staff guard their tuff, different change perceptions and attitude. Asked whether
the interviewees got all needed support from all other concerned departments during change management, the interviewees cited that there was reasonable support but with challenges. More support would be provided. Support and acceptance for change was usually under the direction of management. The commitment to change was low and some employees did not embrace change.

The study sought to find out the impact of culture in managing strategic change. Asked whether the interviewees faced any cultural issues that affected change management in their departments, the study established that there were minimal cultural issues at the Fund. All employees were agreeable that there was some public culture which was associated with a laidback attitude and approach to work. Kenya Power Pension Fund had been undergoing radical change to operate independently from its sponsor (KPLC) and such public mindset was no longer an asset to the Fund.

Additional challenges cited by the employees included restrictive regulations by the regulating authority. The respondents cited that most of the directives from regulatory authority were abrupt. Political interference also posed a challenge in managing strategic change. The interviewees said that some legislation did not favor the operating environment for occupational pension schemes such as the inclusion of pension schemes owned by public entities into organization subject to Public Procurement and Asset Disposal Act of 2015.

Financial resources posed minimal challenges in change management. Strategic change management is expensive. The interviewees cited that available resources were allocated in phases due to the need to prioritize. Strategic plan was used to
formulate work plan and targets which informed budgets and allocation of resources. At some instances, some changes had to be rescheduled in line with budgeted resources which were based on allocation and prioritization of the change needs.

Efficiency of systems was also a challenge at the Fund. ICT is a lifeline of every organization in service delivery. While the Fund had invested heavily in in ICT infrastructure, some challenges had been faced in regard to their efficiency and effectiveness. Members’ level of education and understanding of Fund issues was low. Adoption of paperless strategy is yet to be fully embraced by the pensioners who are used to the hard copy outputs. Education to pensioners and other stakeholder is an uphill task based on the cost required to cover the massive areas of the country.

4.5. Discussion

4.5.1. Comparison with Theory

The study established that KPPF engaged relevant stakeholders in management of change. The level of involvement was dependent on the change, magnitude and impact of change. The Fund formulated strategies that integrated the interests of its stakeholders. The Fund also made necessary efforts to explain to its stakeholders on the need for the strategic changes as well as the benefits and risks of the change. The study further established that there was reasonable interaction between the Fund Board, management, staff as well as external stakeholders. The Fund leadership was committed to best corporate governance practices and had put in place appropriate policies and procedures. The above findings support the stake holder theory advanced by Freeman (1984), that organizations identify critical stakeholders in the environment of management practices in order to define developments for strategy.
Stakeholder analysis is used to identify important areas of concern in the text of business ethics and social responsibility.

The research findings established that financial resources posed minimal challenges in change management at KPPF. Available resources were prioritized and allocated during budgeting process. Employees participated in strategic that required their participation and involvement. The Fund adopted organizational structure that promoted specialization of tasks through creation of independent departments. However, some changes took long to be formulated in the organizational structure thus multitasking of some jobs. The Fund has a strong capital base necessary to support strategic changes that helped align the organization to the changes in its environment. The findings support resource based theory advanced by porter (1985), that the attributes of a firms resources are the main drivers of competitive advantage in strategic management. It is therefore important for organizations to promote resource uniqueness for sustained competition.

The strategic changes undertaken by KPPF were determined by both external and internal triggers of change. The pension industry is highly regulated by RBA. The processes of the Fund were also influenced by member demands and requirements, technological changes, economic volatilities and sponsor structure and policy. The Fund adjusted its internal processes due to the need for effective and efficient management and maximization of investment returns. The observations support theory on environment dependence that organizations serve and depend on the environment they operate in. organizations are open systems and cannot control their behavior completely. They are part shaped by forces external to then and in turn affected by how the organization interacts with the environment.
4.5.2. Comparison of Study Findings with Other Studies

The study established that KPPF had undergone various changes to align the Fund to the changes in its environment. The strategic direction was determined and guided by top management through institutionalization of good corporate governance practices. Successful implementation of change was determined by management commitment to change, stakeholder involvement, communication and employee participation during change process. The organizational structure also evolved overtime to ensure that the Fund’s activities were coordinated better.

The above findings support the research findings by Johnson and Scholes (2002), that organizations are entities that relate with other organizations in the environment. They serve in an environment that is dynamic and constantly changing. The study findings further concur with study findings by Mullins (2005) that sources to firms superior performance are associated with its resources. The findings concur with the research findings of Barell (2012) that internal communication throughout change is an integral part of strategic change management. Timely communication is a requisite for feedback and success during change. Senge (2010) further emphasizes the importance of an organizational structure that addresses the way people within an organization interact.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

The study was informed by the need to determine how Kenya Power Pension Fund was managing its strategic changes and the challenges it faced in change management. This chapter tenders a summary of the research findings, conclusion and gives recommendations and suggestions for further areas of study.

5.2. Summary of the findings

The study design was a case study conducted at Kenya Power Pension Fund. The study’s objective was to establish strategic change management practices at the Fund as well as the challenges of managing strategic change. Secondary data was obtained by studying the pension funds’ documents that included strategic plans, risk management reports among others that provided historical information on the management of strategic change at the Fund. Primary data was collected using an interview guide by interviewing trustees, secretariat management and employees of the Fund. The interviewees had worked for the Fund for a reasonable period of time and provided concrete information which was reliable and necessary for the study. The data collected was qualitative and was analyzed using content analysis technique.

The study established that Kenya Power Pension Fund had undergone various strategic changes to align to both external and internal environmental changes. The reason for the change was to align the organization to the changing competitive environment by effectively managing strategic change. The key business strategic changes that had occurred at the Fund include closure of the Defined Benefits
Scheme, establishment of the Defined Contribution Scheme and adoption of Quality Management System (QMS) and procedures through ISO certification. The people dimension of change included change in communication techniques, staff trainings, monitoring and evaluation.

According to the findings of the study, communication on strategic change was done depending on nature, magnitude and impact of change. Communication on strategic change prevalently used the top bottom approach and was properly done at the initial stages of the change management. Thereafter, the change process was managed by management or appointed committees. Junior employees would at some instances feel disengaged during the change process and there was no efficient mechanisms put in place to communicate ideas upward on crucial aspects of strategic change. Strategic changes that were led by management, flow of information downwards was not easy and timely. Employee participation also helped managers make better decisions when implementing change. Employees could provide important information and input.

The leadership of Kenya Power Pension Fund was committed to good corporate governance and had put in place appropriate policies and procedures. The Fund leadership was involved in change and there was reasonable interaction between the Fund Board and management during change. The management and employees of the Fund were engaged during change through consultative meetings, staff meetings, committees, trainings among other forums. The Fund leadership considered both human and emotional aspects of change during change process. Open door policy adopted by the Fund allowed stakeholders to raise issues and there was full disclosure of information to relevant stakeholders.
The study also revealed that there was no designated change agent and established model for implementing change. The organizational structure was changed overtime to the most ideal structure that was necessary to align the Fund to change. At some instances however, the structure was not adequate to support some strategic changes especially emergent changes. This resulted to multitasking and some jobs were stressed. Dependence on consultants did not fully exploit employee capabilities and skills. Some changes took long to be formalized in the organizational structure. The structure was not immediately responsive to emerging change.

Involvement of stakeholders in management of change was dependent on the change, magnitude and impact of change. Relevant stakeholders were fully involved by the Fund leadership in management of change by formulating strategies that integrated the interests of all stakeholders. The most external trigger for strategic change was change in legal requirements which determined the composition and type of change. These changes were emergent in nature. Planned changes were due to member requests, staff requirements and technological changes. During change, the Fund secretariat explained to its stakeholders on the need, benefits as well as risks associated with such strategic changes.

The study also found out that despite the progress that the Fund had made, there were several challenges faced in change management. Respondents identified the challenges as lack of designated change champion to govern employees towards change as well as lack of a well-known model of implementing change. There were time lapses in implementing change and formalizing change in the Fund organizational structure. Employees felt that communication to all employees and
level of engagement could be better throughout the change process. Not every employee accepted and supported change. Commitment to change was low and support within departments was reasonable but with challenges. The respondents cited presence of public culture though minimal which was associated with a laidback attitude and approach to work. Other challenges cited by the respondents include restrictive regulations, minimal resource challenges and system inefficiencies.

5.3. Conclusion

The study concludes that Kenya Power Pension Fund had adopted various strategic change management practices to align itself with threats and shifts in its operating environment. The Fund leadership use top down approach to communication to communicate strategic changes to employees, employees reasonably participated to strategic change and that the Fund leadership was committed to good corporate governance. There was also reasonable interaction between the Board of the Fund, secretariat management and staff in management of change. The organizational structure changed overtime to steer the organization to required change and the Fund involved relevant stakeholders in management of its change.

The study also concludes that there were several challenges in managing strategic change at Kenya Power Pension Fund. The challenges were however not detrimental to the implementation of the change process. The main challenges encountered during strategic change management include lack of designated change champion, lack of established model for implementing change, minimal resistance to change, public culture, resource challenges, restrictive regulations, system inefficiencies as well as structure inflexibility that led to multitasking.
5.4. Recommendations.

Successful implementation of change requires vibrant communication on the need for change to all stakeholders in the entire organization. This is done by clarifying the change performance objectives and highlighting what the organization intends to do. To effectively manage change, it’s recommended that Kenya Power Pension Fund designate a change champion to govern employees towards change. It’s also recommended that the Fund adopt a well-known model for implementing change such as Kotters’ 8 step or Lewins 3 step models of change proposed by Kotter (1985) and Lewin (1947) respectively.

Strategy implementation does not follow strategy formulation automatically. To avoid time lapses in implementing change and formalizing such changes in the organizational structure, it’s recommended that discussions on organizational structure should start at the same time change is anticipated. The structure should also be formulated in a way that allows career progression for the employees and limit multitasking of jobs. This could be achieved through adoption of wider organizational structure. It’s recommended that mechanisms that engage the employees throughout the change process be developed and encourage bottom up approach to communication whilst maintaining the top bottom approach to communication. Clear and open communication channels that ensure feedback should be encouraged.

To counter the challenges of resistance to change, it’s recommended that Kenya Power Pension Fund top management win the trust of the employees to own the change management process. The Fund leadership should strengthen communication and employee participation and ensure that information flows effectively between
decision makers and implementers. High priority should be given to training of employees to reduce resistance to change. The public culture could be addressed by putting in place strategies that necessitates culture change in the organization. The human resource and administration department can communicate culture change theme for the organization on each employees computer screen. The Fund can also engage the firms in consultancy services to gauge the need for culture change in the organization and give an independent opinion on the way forward. Trainings should be conducted to all employees to enhance culture.

It’s also recommended that Kenya Power Pension Fund consider more diversified investments to maximize investment returns and address the challenge of resources. Proper screening and close monitoring of consultants is key to get value for money and improved system performance. The Fund should also place emphasis on pensioner’s education and adaptation to the organizational changes to increase acceptance.

5.5. Limitations of the study

The research was a case study and gave findings drawn from Kenya Power Pension Fund only. The study findings may not be a true reflection of other organizations in pension industry. The nature of data collected was qualitative. The researcher analyzed the data using content analysis technique. This method is subjective and decision making can lead to different conclusions by different researchers while analyzing the same data.

The study was also limited in time. Securing an appointment with the top management was a challenge. The interview sessions were time consuming and most
of the top managers had busy work schedules. In some instances, interview sessions were rescheduled or harried up to fit to the limited time available for other activities.

5.6. Suggestions for further areas of research.

The researcher suggested the need to undertake similar study in other organizations in the pension industry. This will enable Kenya Power Pension Fund find out the strategic change management practices and challenges faced by other pension schemes for comparison purposes. The study can cover pension schemes in both private and public sector in Kenya and in the region.

The study recommends further study on impact of organization leadership style to the effectiveness of strategic management at Kenya Power Pension Fund. The study will provide information to top management who will then identify styles that lead to successful implementation of strategic plans.
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APPENDIX 1: INTERVIEW GUIDE

PART A: INTERVIEWEE PROFILE.

1. In which department do you work?
2. What is your position in the department?
3. For how long have you worked with Kenya Power Pension Fund?

PART B: STRATEGIC CHANGE MANAGEMENT PRACTICES AT KENYA POWER PENSION FUND.

a) Communication

4. Were there changes in the Kenya Power Pension Fund?
5. Was there communication to all the employees on the change management in the Fund?
6. How often did the management communicate regarding the issue of change?
7. Did the change management communication help to reduce employee anxiety and uncertainty about expected outcomes?

b) Employee Participation

8. How were the employees involved in change management in the Fund?
9. Did the employee participation in the Fund result in successful change management?
10. How did the employee involvement help the managers make better decisions when it comes to implementing a change?

c) Committed Leadership

11. Was the Fund leadership involved in change management?
12. Did the Fund leadership interact with subordinates and inspire them toward organizational objectives?
13. Did the organizational leadership consider the human and emotional aspects of change during the change process?

d) Organizational Structure

14. How did the structure of the Fund help in change management and the way in which it will coordinate them to achieve the firm’s strategic objective?

15. Did the Fund structure help the management exploit fully the skills and capabilities of the employees with minimal costs and at the same time enhance the firm’s capacity during the change management?

16. Was the Fund structured in such a way that it can respond to pressure to change from the environment and pursue any appropriate opportunities which are spotted?

e) Stakeholder involvement

17. Did the Fund involve all its stakeholders during change management?

18. How did the external stakeholders influence change management in the Fund?

19. Did the Fund explain to the stakeholders need to understand the reasons why the change is happening and its benefits?

PART C: CHALLENGES OF IMPLEMENTING STRATEGIC CHANGE AT KENYA POWER PENSION FUND.

20. Who is involved in strategic change management at Kenya Power Pension Fund?

21. Does every employee of Kenya Power Pension Fund accept and support change?

22. Do you always get the needed support of all other concerned departments during change in your department?
23. Do you face any cultural issues that affect change management in your department? If yes which are they?

24. How often does proposed change meet the targeted need in Kenya Power Pension Fund? If no, why do you think so?
APPENDIX 2: RESEARCH APPROVAL LETTERS

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

DATE: 7/3/2016

TO WHOM IT MAY CONCERN

The bearer of this letter 

Registration No. D61 776763 2015

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

PATRICK NYABUTO
SENIOR ADMINISTRATIVE ASSISTANT
SCHOOL OF BUSINESS

09 AUG 2016
From: Stephen Mutiso Mutuku

To: Human Resource and Administration Officer

5th October, 2016

RE: REQUEST FOR PERMISSION TO CONDUCT RESEARCH

I am a Master’s of Business Administration (MBA) student at the University of Nairobi undertaking a research entitled STRATEGIC CHANGE MANAGEMENT PRACTICES AT KENYA POWER PENSION FUND.

I am kindly requesting for permission to conduct the research by way of interviewing the staff members at the company. If approval is granted, the interview sessions will be conducted at the convenience of the staff. The results of the study will be used for academic purposes only and will remain absolutely confidential.

Attached herewith is a copy of authorization letter from the University of Nairobi and interview guide.

Your assistance will be highly appreciated.

Yours faithfully,

STEPHEN MUTISO
STUDENT RESEARCHER
Our Ref: KPPF/HRA-A/5/01/16/HKK/ims[3]

9th October, 2016

Stephen Mutiso Mutuku

Dear Sir,

RESEARCH APPROVAL

Reference is made to your letter dated 5th October, 2016 on the above subject.

Kindly note approval is hereby granted to proceed and carry out a research project in the Pension Fund to determine strategic change management practices.

Attached hereto, please find a consent letter to assist you approach members of the Pension Fund, Trustees and Employees of the Fund.

Upon completion you will be required to provide a bound copy of the full research report to be used as reference in future.

Yours faithfully,

For: THE TRUSTEES

M.S. SIMIYU
HR & ADMINISTRATION OFFICER
Our Ref: KPPF/HRA-A/5/01/16/HKK/ms(4)

29th October, 2016

TO WHOM IT MAY CONCERN

RESEARCH APPROVAL

Reference is made to the subject matter mentioned above.

Kindly allow Stephen Mutiso a Master’s of Business Administration (MBA) student at the University of Nairobi to carry out a research project in the Pension Fund to determine strategic change management practices.

This authority notwithstanding, discretion must be exercised in the use of Fund information including business strategies and policy documents.

The Research Project should also not disrupt normal working hours and flow of work of the Sponsor and of the Pension Fund.

Yours faithfully,
For: THE TRUSTEES

M.S. SIMIYU
HR & ADMINISTRATION OFFICER

Our Ref: KPPF/HRA-A/5/01/14/HKK/ms(1)

19th March, 2014