

FACTORS INFLUENCING STRATEGIC CHANGE MANAGEMENT ON ORGANAZATION PERFORMANCE. A CASE STUDY OF KENYA POWER THIKA STATION

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## FACTORS INFLUENCING STRATEGIC CHANGE MANAGEMENT ON ORGANAZATION PERFORMANCE. A CASE STUDY OF KENYA POWER THIKA STATION

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#### **ABSTRACT**

Systematic approach to change management is needed to ensure that an organization change is quided in the planned direction, conducted in a cost effective manner and completed within the targeted time frame and with the desired results. The purpose of this study was to analyze the factors that influence strategic change management on the performance of Kenya Power, Thika Station. The study was based on the following variables: organizational culture, communication strategies and stakeholders involvement. The research design adopted case study. The target population comprised of 1400 employees of Kenya Power in supervisory level and above in Central Kenya region working in Thika station and adopted simple random sampling technique. The sample size was 302 respondents selected using Krejcie and Morgan model. The research instruments used in this study was questionnaires. Pilot study was done on randomly selected staff within the Kenya Power Thika Station, and the Reliability coefficient of 0.81 was obtained hence the research instrument were treated to be reliable. Data was analyzed using descriptive and inferential statistics where the Statistical Package for Social Sciences (SPSS) Version 20 was used for data analysis. The study found out that organization culture, communication strategy and stakeholder involvement in the strategic change management had a positive relationship with the organization performance. The P-values for the variables were less than 0.05, and therefore evident of significant relationship between the strategic change management and performance at Kenya Power Thika station, Kenya. The study concluded that organization culture, communication strategy and stakeholder involvement affects organization performance. The study recommended for the management to continue implementing the strategic change management in achieving better organization performance.

Key Words: Organization Culture, Communication Strategy, Stakeholders Involvement

### **INTRODUCTION**

The environment in which organizations operate is very dynamic and highly unpredictable. Due to constant changes, organizations are required to continuously adapt to strategically remain relevant (Gathungu, 2008). While managers may be able to control and manipulate the internal environment within an organization, the external environment does pose uncontrollable challenges that managers have to cope with for the success of their organization (Pearce and Robinson, 2003). Change is inevitable, but exactly what and how it is communicated can make a major impact on how change is perceived in your company (Fenson, 2000).

Strategic change management is the process of taking a planned and structured approach to help align an organization with change. Change can from external sources originate through technological advances, social political or economic pressures. Or it can come from inside an organization as a management response to a range of issues for example, customer needs, costs or a human resource or performance issues. Change has become a constant phenomenon which must be attended to and managed properly if an organization is to survive. Changes in technology, information systems, management and workforce demographics have a significant effect on the processes, products and services produced (Varkey, Horne and Bennet, 2008).

Strategic management is a comprehensive area that covers almost all the functional areas of the organization (Fred, 2003). It is an umbrella concept of management that comprises all such functional areas as marketing, finance and account, human resource, production and operation into a top-level management discipline. Therefore, strategic management has an importance in the organizational success and failure than any specific functional areas. Strategic management is different from the routine and operation management. Strategic management deals with organizational level and top level issues whereas functional or operational level management deals with the specific areas of the business. Strategic management has relatively long-term focus in comparison to the operational management.

As global economies continue to integrate, organizations have had to adapt to the changing business environment, with a focus of ensuring that internal processes offer the best opportunities aimed at overcoming the unique challenges facing businesses today. In dynamic world today change in the firms is a crucial topic, because change is seen as an adaptive response to survive in the shifting environment (Beeson and Davis, 2000). In Kenya, many organizations have adopted strategic responses as the environment changes. Any firm that does not take actions to align itself with the environment cannot survive in the environment and is soon forced out of the market (Guerreiro, et al., 2006) Organizations are a component of integrated subsystems where a change in one subsystem influences the other subsystems that are in constant interaction with the environment.

## Strategic Change Management and Organization Performance

According to Nadler (2001), Strategic change management is the process, tools and techniques to manage the people side of business change to achieve the required business outcome and to realize that business change effectively within the social infrastructure of the worKPLCLClace. Change in attitudes and behaviors can build a culture based on open communication, interpersonal trust, constructive handling of conflict, teamwork and collaborative problem solving. Organizations that have successfully managed change have been able to link strategic change with operational change

and every aspect of the organization in relation to dynamic external environment. For an organization, change management means defining and implementing procedures and/or technologies to deal with changes in the business environment and to profit from changing opportunities.

Hofer and Schendel (2008) opines that managers need to know what changes to expect, the types and situations as well as possible problems likely to be experienced including causes of resistance and possible solutions in order to successfully manage change processes,. Successful change management strategies and practices must, therefore include the people's component of change. One of the goals of change management is concerning the human aspects of overcoming resistance to change in order for organizational members to buy into change and achieve the organization's goal of an orderly and effective transformation (Diefenbach, 2006). The introduction of change brings in a lot of resistance and conflict with the employees. This is because any change in "status quo" brings in apprehension as no one knows what the outcome maybe.

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs. The Oxford advanced learners dictionaries describe performance as how well or bad something works. In the private sector, the principal measure of performance is profit Nyororo (2006) public agencies however have no such universal and widely accepted performance measure of success. It is measured mostly by their set goals of their programs and whether the desired results and outcomes have been achieved. Success is often viewed as from the distinct perspectives of stakeholders such various as legislatures, regulators, government bodies, vendors, supplies, customers and the general public (Serving the American, Public report, 1997).

The measure of performance can be divided into two distinct functions namely; the financial function mostly announced at the end of every financial year in terms of profitability. The other method is the non-financial function mainly measure by the; the company staff welfare, the company participation in corporate social responsibilities, customer satisfaction, efficiency in production and ability of the company to honour in time its statutory obligations (Fedor, 2006).

### **Kenya Power Company**

Kenya Power is a Kenya-based company engaged in the transmission, distribution and retail of electricity. It is a government Parastatal with the Kenya government owning 51% shareholding. The company was formed in 1922 and has undergone several transformations over the period to the current position in which the company is solely engaged in the transmission and distribution of electricity. Management and staff of KPLC are committed to effective implementation and continual improvement of the Quality Management System that complies with ISO 9001:2000 to consistently meet its customers and other stakeholder's requirements and expectations (KPLC, 2015).

The Kenya Power has a customer base in excess of 2Million. The Company operates in five regions, including Nairobi, Mount Kenya, North Eastern, Coast and West Kenya, and has a business turnover of about 45 billion shillings and profits after tax in the range of 2 to 3 billion shillings annually. Due to these devolvement and changing customer needs, it has been necessary for Kenya Power to continuously adapt new ways of handling its customers. It has started this by initiating and implementing Rebranding and Culture change program. A number of strategies and restructuring steps have been undertaken by the organization in meeting the changing business environment. These strategic changes include debt restructuring

entailing conversion of Kshs. 15.9 billion accumulated debt to preference shares (KPLC, 2014).

#### Statement of the Problem

Change being a constant in today's' business world requires to be managed well. Strategic Change management is a process that ensures changes are adopted well to realize competitive advantage and quality service delivery. Scholars and researchers have come up with strategies and techniques to assist managers in transitioning organizations. Due to the turbulence of the environment, these techniques and strategies keep changing to overcome the challenges in the environment. Strategic change management has been one of the factors that affect successful change initiatives and as such researchers have delved into ways of ensuring the process is successful in organizations. Organizational culture, strategic communications and stakeholders' involvement in strategic change management is essential since the contribution from the stakeholders is very important especially when crafting out and implementing strategy (Adesse Consulting, 2008). Change has the risk factor of being resisted especially if all stakeholders were not involved from the beginning of the process. Proper involvement of the right stakeholders is required in order for the change process to be successful.

Consequently, many techniques used by the Kenya Power Company on daily basis to manage their affairs tend to become outdated overnight. In the past ten years, the company has undergone major strategic changes in its business processes and portfolio as well as in its organization structure. The external changes that have been facing the organizations provide an avenue for thinking. The company must therefore continually be innovative and adaptive to new change management practices and techniques in line with the changing world. Related studies have been done regarding change

management practices. For example, Misoi (2011) researched on change management practices at PZ Cussons East Africa Limited and found out that PZ Cussons in the recent years has experienced some change and have applied change management practices. Most notably were the drastic changes in top management, downsizing, and rightsizing. Kihara (2010) researched on change management practices by the Kenya Road Authorities. He concluded that the demand for better roads and change in the environment and the needs of all stakeholders including road users, investors, and financiers has also influenced change management practices in the Kenya Road Authorities. However, the literature cited above indicates that there has been no study focusing on the analysis of factors influencing strategic change management in response to internal and external environmental changes at Kenya Power Company. This study therefore was seeking to fill the existing gap in knowledge by establishing the factors influencing strategic change management on performance at Kenya Power Company at Thika Station.

## **Research Objectives**

The general objective of this study was to analyze the Factors influencing strategic change management on organization performance at Kenya Power, Thika station. The specific objectives were to:

- To establish how organizational culture influence performance at Kenya Power Company, Thika Station.
- To determine how communication strategy influence performance at Kenya Power Company, Thika Station.
- To examine the role of stakeholders involvement on performance at Kenya Power Company, Thika Station.

#### LITERATURE REVIEW

# Theoretical Literature Kurt Lewin Theory

Kurt Lewin, (1947) described change as a threestage process; unfreezing, change and refreezing. He described organizational change using the analogy of the changing shape of a block of ice. It starts with creating the motivation to change (unfreeze) and moves through the change process by promoting effective communication and empowering people to embrace new ways of working (change). The process ends when the organization returns to a sense of stability (refreeze), which is necessary for creating the confidence to embark on the next, inevitable change. Each of the three phases also proposes specific activities that address motivation, implementation, and adherence to organizational changes.

During Unfreezing, prepare the organization to accept that change is necessary, break down existing status quo to build up a new way of operating, develop compelling messages for why the existing way of doing things cannot continue, challenge the organizational beliefs, attitudes, and behaviors. The organization should expect uncertainty at this stage. The second stage is change, where employees begin to resolve their uncertainty and look for new ways to do things. People start to believe and act in ways that support the new direction, they take time to embrace the new direction, and participate proactively in the change, they need to understand the benefits of the change and realize that not everyone will fall in line just to support the change and its benefit. The last stage is refreezing. Changes begin to take shape and people embrace the new ways of working. Possible signs include a stable organization chart and consistent job descriptions (Lewin's, 2001). Burke and Biggart (1997), Beer and Nohria (2000) estimated that about two thirds of change initiatives are not attained. This is attributed to implementation failures as opposed to flaws innate in the change initiative itself. According to George and Joness (2001) sustained change can be achieved over a long period only when individuals alter their on the job behaviors in a positive direction.

## Action-research-based model of change

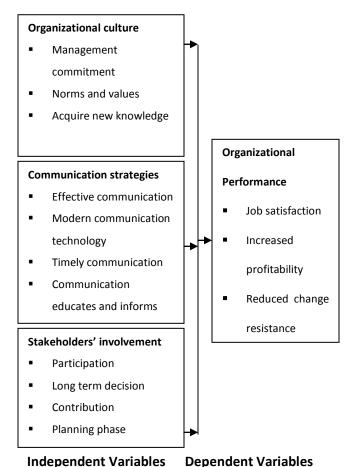
Change is a continuous process of confrontation, identification, evaluation, and action (Paton and McCalman, 2000). French and Bell (1999) and Cunmmings and Worley (2005) described action research as a collaborative effort between leaders and facilitators of any change and those who have to enact it. Action research is a combination of research and action. This entails collecting datarelevant to the situation of interest, feeding back the results to those who must take action, collaboratively discussing the data to formulate action plan and, finally, taking the necessary action. According to Lewin (1946), action research is an action with a goal of making it more effective. It involves the organization, the subjects or the people and a change agent. The process of action research is perception of the problem by some key individuals, consultations with experts, systematic data gathering about the system relative to some goal, objective, or need of that system, taking action by altering selected variables within the system, evaluating the results by collecting more data and lastly taking action again.

### Kotter's eight-step model

Kotter (1999) advanced an eight-step model for changing organizations. The model identifies steps, that is, establish a sense of urgency, effectively communicate, develop a powerful guiding coalition, create a clear vision, empower individuals, create short-term wins, do not declare victory too soon and institutionalize the change.

Change management requires the involvement of the entire organization and effectively communicating the importance of the change process will enable employees support the new change. Secondly, there is need to form a powerful guiding coalition; have influential supporters in the hierarchy; and high level of trust communication between them. Further, it is important to create a clear vision that is easy to understand and develop a strategy to achieve it (Kotter and Cohen, 2002).

## **Conceptual Framework**



macpendent variables Dependent varia

## Figure 1: Conceptual framework

# Empirical Review Organizational culture

Organizational development is depends on analysis and identification of the factors that conclude the

effectiveness of the organization. Organizations and willing to managers are get employees commitment, which leads to improve the productivity. Management would like to introduce employee with norm, values and objectives of the organization which is importance to understand the organizational culture. It is the responsibility of the management to introduce the organizational culture to its employees that will assist the employees to get familiar with the system of organization. Management must try to always keep learning environment in the organization. Proper understanding of organizational culture should leads towards improvement of employee's performance. As per organizational development is concerned, employees performance consider as a back bone for the industry. So organization's wants to get the loyalty of their employees towards organization.

The complete knowledge and awareness of organizational culture should help to improve the ability to examine the behavior of organization which assists to manage and lead (Brooks, 2006). Pettigrew (1979) was used the term "organizational culture" first time in the academic literature for his study in the journal of "Administrative Science Quarterly". It is necessary for the management to identify the norms and values of the organization of the employees. It should be needed that culture of the organization should be developed in a way to improve the style of employee's performance and continuous develop the quality awareness.

According to Dasanayaka and Mahakalanda (2008), maximizing employee's values are considered as rational assets that required a culture to support their logical participation both for individual and organizational learning, new knowledge formation and readiness to share with others. Schein (1995), tells that organizational culture is very important today as compare with past.

Denison (1984) used data from 34 American firms on cultural performance over a period of five years and scrutinized the characteristics of organizational culture and tracked the performance over time in these firms. As per Reichers and Schneider (1990), stated that culture researchers have committed various studies to the definitions of culture, relatively few researchers have been contributed in culture and performance research. Only reason for doing this was the complexity in operational concept of the culture construct. According to Kotter and Heskett (1992), investigate the relationship between long-term organizational performance and economic performance across more than 200 organizations. More ever, being one of the most important and most conscientious research efforts on this subject, the study has three vital contributions. arranged First. relationship between culture and performance established in their research is forceful. Second, the writer gives an important combination of theoretical point of view regarding the nature and scope of culture. Third, they sketch strong associations between culture, management practices and performance.

Theorists also argue that sustainable competitive advantage arises from the formation of organizational competencies which are both superior and incorrectly imitable by competitors (Saa-Pe're and Garcia-Falcon, 2002). Practitioners and academics suggested that the performance of an organization is dependent on the degree to which the values of the culture are comprehensively shared (Denison, 1990).

## **Organizational Communication strategy**

Organizational communication is a process whereby members gather pertinent information about their organization and the changes occurring within it (Kreps,1990). Generally organizational communication has two objectives. The primary

objective is to inform the workforce about their tasks and the policy issues of the organization (De Ridder, 2003). Organizational communication is defined as "transmitting news about the work from organization to employees and through employees (Phattanacheewapul and Ussahawanitchakit, 2008; Chen et al., 2005). The second goal of organizational communication is to construct a community within the organization (Postmes et al., 2001; De Ridder, 2003).

Meaningful communication informs and educates employees at all levels and motivates them to support the strategy (Barrett, 2002). This is important as positive attitudes to change are vital in successful change programs (Kotter, 1996), as resistance to change is one of the biggest barriers to overcome. Meaningful communication requires a degree of 'cognitive organizational reorientation' (Elving and Hansma, 2008) i.e. comprehension and appreciation of the proposed change. Elving and Hansma (2008) carried out interview research between management and employees during organizational change. The most important conclusion drawn was that the success of the dissemination and adaptation of organizational change significantly depend upon communicative and informative skills of managers at all levels. Although leaders appear to be aware of fast change within organization (Bolden and Gosling, 2006), communicating that change is difficult (Lewis, 2000). Bennebroek-Gravenhorst et al. (2006) found that along with the role of management on the contribution of the workforce to the impending change, distribution of information and actual communication regarding the need for the change and the objectives of the modification in business organization are also critical.

Elving (2005) proposed a conceptual framework to study communication in organizations experiencing change. Six propositions were developed that all simultaneously influence readiness for change. The level of readiness in this framework indicates the degree of effectiveness of change. The first proposition stated that low level of resistance to change or high level of readiness for the change is an indicator for effective organizational change. The second proposition stated that communication needs to inform the organizational members about the change and how that change will alter the individual's work. The third proposition advocated that communication should be used to create a community which will increase commitment, trust, and identification with the organization and management. The next proposal looked at uncertainty in that high levels of uncertainty will have a negative effect on readiness to change. The fifth proposition focused on the effect of downsizing creating loss of jobs and feelings of job insecurity affecting readiness to change. The last proposition was related to fourth and fifth propositions which stated that communication will show impact on feelings of uncertainty and job insecurity. According to Klein (1996), communication strategy should coincide with the general stages of the change process and the relevant associated information requirements. Based on Lewin's change model (1951), Klein has identified the objectives and communication needs for each stage of the change process.

Communicating during the 'unfreezing stage': During this stage, the primary communication objective is to prepare employees and the organization for the change. This step is also identified as "readying" the organization. Resistance will increase at the same rate with how big the change is and how much it affects the organization. However, it is much easier to overcome this resistance if the communication strategy is designed to account for the initial resistance (Klein, 1996). In order to ready the organization for the change, it is important to communicate the objective of the change and what is going to

happened and why ought to be conveyed. The first thing that needs to be communicated is the need for change, by pointing out the discrepancy between desired outcomes and actual outcomes. If the change is an organization-wide change, this first message should come from the top management of the organization. Although written communication followed by question and answers meeting has been proved to be an effective way of communication, face-to-face communication is important in this stage (Klein, 1996).

Communicating during the 'move stage': When change is being implemented, there is a lot of organizational activity. Because most of the employees are not directly involved in the change process and do not know exactly what is happening, the level of uncertainty raises and rumors appear. Thus, communication in this stage is very important and has the following objectives: to provide those not involved in the change implementation with detailed and accurate information of what is happening; to provide those involved in the process with information about their roles in the change process, as well as information about how the change will affect them, and their new roles and responsibilities; and to dismiss the misinformation that is circulating through the organization. Because the change is beginning to have more tangible outcomes and some organizational impact, the communication should have a more specific character than in the first stage (Klein, 1996).

Communicating during the 'refreezing stage': The primary objective during this stage is to build structures and processes that support the new ways. The communication should be centered on answering employees' questions regarding efficiency, rewards, control and relationship roles. In this stage, the responsibility of communicating with employees shifts from the CEO and management, down the hierarchy to supervisory

management. The information flow should be continuous, concrete and multidirectional, so that employees have enough understanding of the personal implications the change has. Because of the inevitable misunderstandings that may occur in this stage, communication should primarily concentrate on making public the success of the change and spread the word to employees (Klein, 1996).

It has been recognized that effective and appropriate communication is a vital ingredient in the success of any change program (Kotter, 1995; Lewin, 1951). Internal communication represents the communication and interactions between the employees and members of an organization. Traditionally, internal communication was defined as "communication with employees internally within the organization" (Cornelissen, 2008). Innovative technologies have made it easier to generate, develop, distribute and accumulate written documents, to exchange messages, work together and organize meetings despite of space and time proximity. Electronic mails, intranet and video conferences are few of the communication tools used to inform employees in relation to news and activities of organization. Deetz defines internal communication as "a way to describe and explain organizations" (Jublin and Putnam, 2001). It specifies that communication is the central process through which employees exchange information, create relationship, and build meaning, values, and an organizational culture. Smythe (1996) argues that the challenge is not only managing media and using more media, but reducing communication pollution and discipline the torrent of information from management in order to increase individual understanding.

Communication and strategy is critical within organizational change (Heide and Johansson, 2008). French et al. (2008), define change as "making things different". Change is also something that can

be found everywhere in our society since new times or new conditions requires new methods or new strategies to be able to handle these new conditions. Change is unavoidable and the sooner organizations understand this, the sooner they can come up with a strategy about how these changes should be handled (Grey, 2005). Organizational change does, according to Mourier and Smith (2001), include all modifications that make the human performance change. They further state that work of change is, just like the field of strategy, highly complex and require time and commitment to be successful. Since the world is constantly changing, it is not any doubt that organizations should change. Every organization must consider why and how they must change to keep up with the environmental changes and requirements (de Wit and Meyer, 2004). Daft (2008) further state that although most change efforts meets some or more resistance, change is essential for any organization that wants to endure and flourish in this hard environment. Organizations also have to be able to react fast and in the right way to external changes and in the meantime manage the internal changes in an effective way. It is also important to benchmark the organization against what the customers expect, and against market leaders and competitors (French et al., 2008).

Hartley and Bruckham (2002), state that effective communication is highly important in times of organizational change. They further stress that it affects how the employees accept the change and the implementation. It is, in addition, explained that the organization's management team must plan how to communicate strategically. If this fails, there is a large risk that the organization's planned change will not be successful.

Clampitt and Berk (1996) state that, no matter how beneficial the change is for the employees, proper communication is required to convince the employees to take on the new vision. Clampitt (2005), further explains that the leaders must communicate why the organization is changing, meaning that they need to clarify the motives behind the change. Clampitt also states that most change leaders understand the value of communicating, but not many of them create a systematic communication plan.

Clampitt and Berk (1996) state that the instigators of the change do not understand how much the change will impact the organization and its employees. It is therefore important for the instigators to put themselves in the shoes of the receivers and to understand their position and their point of view of the matter. Clampitt and Berk further explain that the instigators spend much time discussing back and forth before they come to the final decision of ho to change. All these discussions give them more information and more understanding of the best solutions. However, these background facts are often not explained to the employees. The employees only hear the final proposal and do therefore not have the same chance to understand the positive or negative impacts of the change.

A successful change process is only possible if people within the organization are willing to change and help. It is also said that repetitive communication about the change is necessary. Daft (2008) states that it is essential to repeat the message ten times more than what could be perceived as necessary

### Stakeholders participation

Change management is the use of systematic methods to ensure that the organization's change can be guided in the planned direction, conducted in a cost effective manner and completed within the targeted time frame and with the desired results (Davis and Holland, 2002). The change process

requires participation of different stakeholders to ensure success.

According to Ad-esse Consulting (2008), a stakeholder is anyone who could and should have an interest in what you are trying to achieve. Stakeholder Management is an obligation to serve all stakeholder interests. Stakeholder involvement in change management being an important factor in successful change management calls for proper management of stakeholders due to their diverse interest and influence in an organization's operations According to stakeholders theory (Freeman, 1984), an organization exists to create as much value as possible to its stakeholders. (Bloom, 2000) as cited in Mwikuyu (2009), notes that it is well-known that broad-based stakeholders' involvement and commitment are crucial for successful strategy and action plan implementation, for thus, good sustainable organizational development. An organization is an open system that has constant interaction with other players in the environment. The open system theory proposes that organizations behaviour and structure are usually affected by the surrounding environment and also by the subsystems in the organization. Thus, organizations described as open systems are part of a much larger network rather than independent self-standing entities (Freeman and McVea, 2001).

Change is all about learning (Beer, Eisenstart and Spector, 1990) as cited in Kinuu, Maalu and Aosa (2012). In order to manage change process effectively, various parameters which help determine the efficacy of change need to be analysed. According to Mason (2007), peoples attitude before and after the change programme need to be evaluated and compared. Participatory level of the stakeholder in the change process will determine whether the change process has been positively welcomed or not. Performance level and the degree to which the objectives of the business

which form the basis of implementing the change program will help the organization gauge if change essential or not. Deliberate efforts, therefore, have to be made in planning organization-wide effort to increase the organization's effectiveness and efficiency.

Beckhard (1969) defines organization development as an effort, planned, organization-wide and managed from the top to increase organization effectiveness and health through planned interventions in the organization's processes using behavioural science knowledge. Organizational development is an ongoing, systematic process of implementing effective change. Change in the Kenyan public sector, more so in state parastatals has been driven by technological innovation and changes in government policy brought about by the constitution; aggressive competition from other organizations in the same industries has also immensely contributed to change (Hope, 2012).

According to Njoka (2010), the idea of stakeholder management, or stakeholder approach to strategic management, suggests that managers must formulate and implement processes which satisfy all and only those groups who have a stake in the business. Management in an organization have to harmonise the requirements of the business to those of the stakeholders to ensure long-term success of the organization. When it comes to important corporate decisions, it is necessary to know about the expectations of different stakeholders and to determine to what extent they could and would exert an influence (Yilmaz and Gunel, 2008). Yilmaz and Gunel (2008), further argue that the importance of stakeholder management is not limited to day-to-day business. On the contrary, it is primarily concerned with long strategic decisions. Since stakeholder term management's primary concern is with long term strategic decision, it is prudent to involve the stakeholders in planning and executing these decisions for their overall success.

According to Ayuso, Rodriguez and Ricart, (2006), firms are posited to pay attention to stakeholder influence for normative and instrumental reasons. Normative explications of stakeholder theory move firm-stakeholder relations into an ethical realm, proposing that managers should consider the interests of those who have stakes in the organization (Ayuso, Rodriguez and Ricart, 2006). In this view, stakeholders have a legitimate interest in the affairs of the organization (Donaldson and Preston, 1995). Bv contrast, instrumental stakeholder theories predict firm behaviour on means-ends reasoning, whereby the firm pursues its interests through managing relationships with stakeholders (Jones, 1995). The instrumental orientation sees firms as addressing the interests of stakeholders who are perceived to have influence (Ayuso, Rodriguez and Ricart, 2006).

The support of stakeholders is important for any change plan to be successful; this should not be restricted to the owners, but should include all staff, principal customers, suppliers and others who provide support to the business in its day to day or long term business activities. (Stanford Research Institute, 1963) as cited in Freeman and McVea (2001) argued that managers need to understand the concerns of shareholders, employees, customers, suppliers, lenders and society, in order to develop objectives that stakeholders would support. This support was necessary for long term success. Therefore, management should actively explore its relationships with all stakeholders in order to develop business strategies (Freeman and McVea, 2001). According to (SRI, 1963) as cited in Freeman and McVea (2001), the support of all stakeholders is central to the firm's success. In this context therefore, a firm should formulate strategies that integrate the interest of all stakeholders. 22 Identification of stakeholders who

are affected and can affect the change management process is very vital in order for an organization to determine who to engage in the process. Bryson (2004) argues that deciding who should be involved, how and when in doing stakeholder analyses is a key strategic choice. According to (Thomas, 1993) as cited in Bryson (2004), people should be involved if they have information that cannot be gained otherwise, or if their participation is necessary to assure successful implementation of initiatives built on the analyses. This therefore clearly indicates that identification is determined by the influence and power the stakeholders have in the process. Considerations on how the change will affect them, how they can influence the change, whether they have the power to stop or undermine the change and how important they are have to be made. Stakeholders are engaged to give an organization a competitive edge and their involvement ensures success of the change process. Stakeholder involvement in change management gives the organization an opportunity to have new ideas in its strategy and have allies during the change process which eventually ensures success of the effort. Svendesen (1998) argues the case for competitive edge as an outcome of effective stakeholder engagement. As paradoxical as it sounds, one way to succeed in a highly competitive globalised economy is to co-operate. Simmons (2003) is of the view that incorporating stakeholder views in decision-making processes enhances organizational performance and commitment. In this context, Hitt, Freeman and Harrison (2001) point to the major post-1980's contributions made to stakeholder theory by Ackoff and Churchman (1947), who applied a systems theory approach describing 23 organizations as open systems and acknowledging their interdependence with external networks; and Katz and Kahn (1996) who developed organizational frameworks defining the organization relative to the system around it. Whether emergent or pre planned change, Booz (2011) pointed three things need to be catered for to ensure that the process of change is successful. The first thing is that there needs to be a change team which is a coalition of all the stakeholders in the change process, the process of change needs to be communicated throughout the organization and the organization needs to communicate a sense of urgency to ensure that the change processes do not stagnate. This clearly highlights how important stakeholders' contributions are to the success of a change management process in any organization.

## **Organization performance**

Ricardo (2001) argued that performance measures could include result-oriented behavior criterion-based and relative normative measures, education and training, concepts and instruments, including management development and leadership training, which were the necessary building skills and attitudes of performance management. Hence, from the above literature review, the term "performance" should be broader based which include effectiveness, efficiency, economy, quality, consistency behavior and normative measures (Ricardo, 2001).

The measure of performance can be divided into two distinct functions namely; the financial function mostly announced at the end of every financial year in terms of profitability. The other method is the non-financial function mainly measure by the; the company staff welfare, the company participation in corporate social responsibilities, customer satisfaction, efficiency in production and ability of the company to honour in time its statutory obligations (Fedor, 2006; Richard et al. 2009)

#### RESEARCH METHODOLOGY

The study used a case study research design. A case study is an in-depth investigation of an individual, institution, or phenomenon. The target population

of the study comprised of 1400 employees of Kenya Power in Central Kenya region working in Thika station. The respondents were 14 top level managers, 300 middle level managers, and 1086 lower level managers. There were 1400 employees targeted by the study. The study adopted random sampling technique. The total number of target population in Kenya Power Thika Station was 1400. These participants were selected using simple random sampling technique. In this case the study selected 3top level managers, 65 middle level managers, and 234 lower level managers from the Kenya Power Thika Station. The research instruments used in this study was questionnaires and interview schedules. A questionnaire was preferred because questionnaires consisted of many items combined and more reliable measure of constructs than would any single item. A total of 30 questionnaires were proportionately randomly given to individuals within the target for pilot testing. The questionnaire was tested in order to check its content, construct and face validity. The instruments was pre-tested for reliability using Cronbach's alpha( $\alpha$ ) approach with a sample of 20 respondents randomly selected from the target population.

#### **FINDINGS**

The researcher distributed 299 structured questionnaires out of which 263 were received from the field. The questionnaires accepted as correctly filled were 263 which translate to a response rate of 87.96 percent. This response rate is acceptable for this study.

The research asked the respondents to indicate their gender. 58.2%(153) of the respondents are female, while male are 42.3%(110). This shows that both genders were well represented in the study. On age factor, 6(2.3%) of the respondents were of age 25 years and below, 47(17.9%) of them were of

age bracket 26-35 years, 92(35.0%) of the respondents were of age bracket 36-45 years while 115(43.7%) were of age bracket 46-55 years. Only 3(1.1%) of the respondents were of age 56 years and above. The finding implies that 55.2% of the respondents are of age 45 years and below. This indicates that less than half (44.8%) of the respondents are of older age 46 years and above. Respondents were asked to indicate their highest level of education. Majority of the respondents 72.2 % (190) were diploma holders, 17.5% (46) were college certificate holders, 9.1%(24) had Bachelor degree, and 1.1% (3) had secondary certificate. None of the respondents had masters' degree. This shows that the respondents are knowledgeable and could answer the questions well on the topic of the study.

The study asked the respondents to state their level of work experience at Kenya Power Thika station. 31.2%(82) of the respondents had over 5 years work experience at KPLC Thika station, 33.5%(88) had 4-5 years' work experience, 33.1%(87) of the respondents had 1-3 years' work experience and only 2.3%(6) of the respondents had less than 1 year work experience at KPLC Thika station. The study result implied that more than half (64.7%) of the respondents had 4 years and above work experience with the KPLC Thika station.

## Influence of organizational culture on performance

The first research objective was to establish how organizational culture influence performance at Kenya Power Company, Thika Station. The findings are summarized in the tables below.

The study carried out descriptive statistics to assess the influence of organization culture on performance at KPLC, Thika station. The study revealed that organization and managers were willing to get employees commitment. This is evident with the mean of 3.98 and standard deviation of .910. Further the study finding showed

that respondents agreed that the management identify the norms and values of the organization of the employees with the mean value of 3.86 and standard deviation of .795. In addition, the study results indicated that the respondents strongly agreed that management introduced employee with norm, values and objectives of the organization which was importance to understand the organizational culture with a mean value of 4.51 and standard deviation of .501. Further, the finding showed that the organization provided room for learning new and acquiring knowledge, with a mean of 4.11. The study finding revealed that the respondents agreed that Proper understanding of organizational culture should leads towards improvement of employee's performance, with a mean value of 4.43. The research findings are in agreement with Dasanayaka and Mahakalanda established that (2008),who maximizing employee's values is a rational asset that required a culture to support their logical participation both for individual and organizational learning, new knowledge formation and readiness to share with others. The study result implied that management identified the norms and values of the organization of the employees, and therefore leads to better performance in the organization. The research advices the management of the Kenya Power Thika station to ensure that they maximize on the employees values in order to realize the intended better organization performance. This means that employees were key in the realization of the organization performance, so the management must invest in employees values.

It is therefore, necessary for the employees at Kenya Power Thika Station to be conversant of the organization culture in order to enhance their performance. It would also be necessary for the management of Kenya Power Thika station to ensure that they established an environment of sharing the organization values and culture with the

employees in order to achieve improved performance.

## Influence of communication strategy on performance

The second study objective was to determine how communication strategy influences performance at Kenya Power Company, Thika Station. On awareness of any strategic change management, respondents were asked to whether they were aware of the Strategic change management in their organization.

All the respondents 100.0% (263) cited that they were aware of the strategic change management. The study result confirms Phattanacheewapul and Ussahawanitchakit (2008) and Chen (2005) who established that organizational communication was transmitting news about the work organization to employees and through employees. The awareness of the strategic change management by the employees was very important because it assist the management in achieving its goals, and thus improved its performance. It therefore implied that management should always communicate its strategic change management to her employees.

The research also sought the respondents view on whether the change process was communicated to them during the planning phase.

The finding of the study showed that the change process was communicated to the employees' during the planning phase, with a 263 (100.0%) response rate. The finding of the study is in agreement with Elving and Hansma (2008), who established that the success of the dissemination and adaptation of organizational change significantly depends upon communicative and informative skills of managers at all levels. It was therefore necessary for the management to share the need for the strategic change management at the planning phase with employees.

The study sought on the mode of communication used by the organization to communicate the change process to the employees at KPLC Thika station. The finding of the study showed that 112(42.6%) of the respondents pointed out that written communication was made on the change process, 71(27.0%) of them said telephone was used to communicate change process, and 59(22.4%) of the respondents cited that mass media was used to communicate the change process. Only 21(7.9%) of the respondents stated that oral communication was made on the change process.

Also the interview scheduled revealed that the organizations were using varied methods of communication to its employees. The study result confirms Cornelissen (2008) who established that internal communication was the effective way of sharing strategic change management in an organization, and also innovative technologies had made it easier to generate, develop, distribute and accumulate written documents, to exchange messages, work together and organize meetings despite of space and time proximity, (Jublin and Putnam, 2001).

The study sought on the level of agreement on the effect of organization communication performance at KPLC Thika. Results indicated that the management communicated effectively with employees and customer. This was evident with the mean value of 4.43 and standard deviation of .600. Further, the study finding revealed that the respondents agreed that modern communication had been adopted by the KPLC Thika station with the mean of 4.00. Moreover, the respondents strongly agree that information is communicated timely. In addition, the respondents agreed that communication was key to the strategic change management at KPLC Thika station with a mean of 4.10. Finally, the respondents agreed that proper communication informed and educated employees on the strategic change management at the organization.

The study finding above concurred with Heide and Johansson (2008),who highlighted that communication and strategy is critical within organizational change. Moreover, the results agree with Hartley and Bruckham (2002), who stated that effective communication is highly important in times of organizational change. They further stress that it affects how the employees accept the change and the implementation. It is, in addition, explained that the organization's management team must plan how to communicate strategically. If this fails, there is a large risk that the organization's planned change will not successful. The research therefore, advices the management of Kenya Power Thika station to always ensure that they communicate their intention of strategic change to the employees in time so that to avoid employee resistance and thus results to better organization performance.

## Influence of stakeholder's involvement on performance

On involvement in the Planning Phase of the strategic change, the respondents were asked whether they were involved at the planning phase of the strategic change at KPLC Thika station. The respondents agreed that stakeholders' involvement played crucial role in strategic change management with the mean value of 4.39 and standard deviation of .637. Further, the research result revealed that the respondents strongly agreed that Stakeholders commitment in change management was important with a mean of 4.66. In addition, the finding showed that Stakeholder participation determines change process with the mean of 4.18. The study finding also revealed that respondents agreed (4.00) that Stakeholder involvement affects long decisions. Moreover, the study results depicted

that Stakeholders predict firm behavior with the mean result of 4.66. Further, the finding of the study showed that the respondents agreed(4.10) that Stakeholders contribution taken and implemented by the management. Finally, the study result indicated that the respondents agreed that Stakeholders were involved in planning phase about change management with the mean value of 4.18. The interview schedule with the top level management also revealed that stakeholder involvement was very important in the strategic change management.

Both the findings from quantitative and qualitative data confirms Bloom (2000), who asserted that broad-based stakeholders' involvement commitment are crucial for successful strategy and action plan implementation, thus, good for sustainable organizational development. Therefore, the finding implies that it was necessary for the management to engage the stakeholders in the matters of strategic change within an organization. An effective change can only be realized when the management has shared the strategic change with the relevant stakeholder. This finding also concurs with Mason (2007), who cited that peoples attitude before and after the change programme need to be evaluated and compared. Participatory level of the stakeholder in the change process will determine whether the change process has been positively welcomed or not. Performance level and the degree to which the objectives of the business which form the basis of implementing the change program will help the organization gauge if change essential or not. Deliberate efforts, therefore, have to be made in planning organization-wide effort to increase the organization's effectiveness and efficiency. Therefore, it was necessary for the management at Kenya Power, Thika station to engage all stakeholders and also implement the views from various people for effective realization of the organization performance. Moreover, the study

finding is in agreement with Njoka (2010), who established that stakeholder approach to strategic management, suggested that managers must formulate and implement processes which satisfy all and only those groups who have a stake in the business. The management in an organization to harmonize the requirements of the business to those of the stakeholders to ensure long-term success of the organization. When it comes to important corporate decisions, it is necessary to about the expectations of different stakeholders and to determine to what extent they could and would exert an influence (Yilmaz and Gunel, 2008). It was necessary for the management to know that the strategic change management has effect on the stakeholders. Therefore, whatever is being implemented as a change must be geared towards effecting positively on the employee work.

The study finding confirms Ayuso, Rodriguez and Ricart (2006), who cited that the instrumental orientation sees firms as addressing the interests of stakeholders who were perceived to have influence. This implies when the interests of the stakeholders were addressed by the management it will result into satisfaction with the strategic change management in the organization. Also the research results concur with Freeman and McVea (2001), who argued that managers need to understand the concerns of shareholders, employees, customers, suppliers, lenders and society, in order to develop objectives that stakeholders would support. This support was necessary for long term success. Therefore, management should actively explore its relationships with all stakeholders in order to develop business strategies.

## Overall influence of strategic change management on performance

The study sought on the respondents views on the effect of strategic change management on performance at KPLC Thika station. The

respondents felt that there was effect of strategic change management on performance at Kenya Power, Thika station.

The study also sought the views of the respondents on the extent to which the strategic change management has affected organization performance at KPLC Thika station. 81(30.8%) of the respondents stated that strategic change management had affected performance to a larger extent, 165(62.3%) of them said large extent, and 17(6.4%) of the respondents felt that it moderate extent. The overall mean of 4.24 implies that the

respondents asserted that strategic change management has largely affected organization performance at KPLC Thika station. The finding implies that strategic change management plays an important role in organization performance.

# Relationship between strategic change management and performance

The researcher carried out correlation analysis to assess the relationship between the strategic change management and performance at KPLC Thika station. The finding is summarized in Table 1

Table 1: Correlation between strategic change management and performance

		Organization Organization culture communication		Stakeholder involvement	Organization performance	
Organization	Pearson	1				
culture	Correlation					
	Sig. (2-tailed)					
	N	263				
Organization	Pearson	.133*	1			
communicatio	Correlation					
n	Sig. (2-tailed)	.031				
	N	263	263			
Stakeholder	Pearson	002	.747**	1		
involvement	Correlation					
	Sig. (2-tailed)	.974	.000			
	N	263	263	263		
Organization	Pearson	.316**	195 <sup>**</sup>	269 <sup>**</sup>	1	
performance	Correlation					
	Sig. (2-tailed)	.000	.001	.000		
	N	263	263	263	263	

<sup>\*.</sup> Correlation is significant at the 0.05 level (2-tailed).

## Level of significance among the variables

Regression analysis was done to assess the level of significance between the strategic change management and organization performance.

Table 2: Model summary (strategic change management and performance)

<sup>\*\*.</sup> Correlation is significant at the 0.01 level (2-tailed). The finding in Table 1 shows correlation coefficients ( r ) as follows: organization culture (.316), organization Communication (-.195) and stakeholder involvement (-.269).

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Adjusted R <sup>2</sup> Std. Error of the Estimate	
1	.419ª	.175	.166	.51231	.591

a. Predictors: (Constant), Stakeholder involvement, organization culture, organization communication

b. Dependent Variable: organization performance

Table 2 shows that R- square is .175. This implies that 17.5 percent of the organization performance is predicted by the independent variables (organization culture, organization communication

strategy, and stakeholder involvement) while 87.2 percent was predicted by other factors not included in the study.

Table 3: ANOVA (strategic change management and performance)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.449	3	4.816	18.351	.000 <sup>b</sup>
	Residual	67.977	259	.262		
	Total	82.426	262			

a. Dependent Variable: organization performance

b. Predictors: (Constant), Stakeholder involvement, organization culture organization communication

The analysis of variance in Table 3 shows that F= 18.351 and the p-value is .000. Since the p value is less than 0.05, the study will conclude that strategic change management has effect on performance of Kenya Power at Thika station. Therefore, strategic

change management is a useful predictor in the level of organization performance and management should ensure that they adopt the relevant strategic change management techniques to boost organizational performance.

Table 4: coefficients (strategic change management and performance)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		В	Std.	Beta			Tolerance	VIF
			Error					
1	(Constant)	4.906	.695		7.057	.000		
	Organization	.529	.093	.327	5.684	.000	.959	1.043
	culture							
	Organization	182	.184	086	992	.322	.424	2.357
	communication							
	Stakeholder	486	.204	204	-2.378	.018	.432	2.315
	involvement							

## a. Dependent Variable: organization performance

Table 4 shows the organization culture is the most predictor of the level of organization performance, followed by stakeholder involvement and then organization communication strategy with the B values of .529, .486, and .182 respectively. Also the study shows that organization culture is the most significant variable with significant values of .000, followed by stakeholder involvement (.018) and finally organization communication (.322). The regression model for the above result was:

Where:

Y = Organization performance

 $x_1$  = Organization Culture

 $x_{\gamma}$  = Organization Communication strategy

 $x_3$  = Stakeholder Involvement

e = Precision error (5%)

The finding of the study implied that strategic change management played vital role in the overall organization performance. There was need for the management at KPLC Thika station, Kenya to adopt the appropriate strategic change management to realize improved organizational performance.

# SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

## **Summary of findings**

The first objective of the study was to establish how organizational culture influence performance at Kenya Power Company, Thika Station. The study found out that the organization and managers were

willing to get employees commitment with a mean of 3.98. Further the study found out that respondents agreed that the management identified the norms and values of the organization of the employees with the mean value of 3.86. In addition, the study results indicated that the respondents strongly agree that management introduced employee with norm, values and objectives of the organization which importance to understand the organizational culture with a mean value of 4.51. Further, the finding showed that the organization provided room for learning new and acquiring knowledge, with a mean of 4.11. The study finding revealed that the respondents agreed that Proper understanding of organizational culture could lead towards improvement of employee's performance, with a mean value of 4.43. The study finding revealed that positive moderate (r = .316; p< 0.05) relationship between organization culture and organization performance at KP Thika station, Kenya. Since the significant value was less than 0.05, therefore from these finding it was reasonable to conclude that there was a positive significant relationship between the organization culture and organizational performance.

The second objective of the study was to determine how communication strategy on performance at Kenya Power Company, Thika Station. The study found out that 263(100%) of the respondents were aware of the strategic change management. Further, the study found out that that 112(42.6%) pointed out that written communication was made on the change process, 71(27.0%) of them said telephone was used to communicate change process, and 59(22.4%) of the respondents cited that mass media was used to communicate the change process. Only 21(7.9%) of the respondents stated that oral communication was made on the

change process. Moreover, the study found out that management communicates effectively employees and customer. This is evident with the mean value of 4.43 and standard deviation of .600. Further, the study finding revealed that the respondents agree that modern communication has been adopted by the KPLC Thika station with the mean of 4.00. Moreover, the respondents strongly agree that information is communicated timely. In addition, respondents the agree that communication is key to the strategic change management at KPLC Thika station with a mean of 4.10. Finally, the respondents agree that proper communication informs and educate employees on strategic change management at the organization. Also the finding results showed that there was negative moderate (r = -.195; p = 0.001) relationship between organization communication strategy and organization performance at KPLC Thika station, Kenya. Since the significant value is less than 0.05, therefore from these finding it was reasonable to conclude that there was a positive significant relationship between the organization communication strategy and organizational performance.

Thirdly, the study objective was to examine the role of stakeholders involvement on performance at Kenya Power Company, Thika Station. The study found out that the respondents agree that stakeholders' involvement plays crucial role in strategic change management with the mean value of 4.39 and standard deviation of .637. Further, the research result revealed that the respondents strongly agree that Stakeholders commitment in change management is important with a mean of 4.66. In addition, the finding result showed that Stakeholder participation determines change process with the mean of 4.18. The study finding also reveals that respondents agree (4.00) that Stakeholder involvement affects decisions. Moreover, the study results depict that

Stakeholders predict firm behavior with the mean result of 4.66. Further, the finding of the study shows that the respondents agree (4.10) that Stakeholders contribution taken and implemented by the management. Finally, the study result indicates that the respondents agree that Stakeholders are involved in planning phase about change management with the mean value of 4.18. The correlation analysis revealed that there was a positive moderate (r = -.269; p < 0.05) relationship between stakeholder involvement and organization performance at KPLC Thika station, Kenya. Since the significant value is less than 0.05, therefore from these finding it was reasonable to conclude that there was a significant relationship between the stakeholder involvement and organizational performance.

Finally, the study looked at the overall influence of the strategic change management on organization performance. The study found out that 81(30.8%) of the respondents stated that strategic change management has affected performance to a larger extent, 165(62.3%) of them said large extent, and 17(6.4%) of the respondents felt that it moderate extent. The overall mean of 4.24 implies that the respondents asserted that strategic change management has largely affected organization performance at KPLC Thika station. The finding implies that strategic change management plays an important role in organization performance. Further, the correlation analysis revealed that the pvalues for the variables as follows: organization culture (.000), organization Communication (.001) and stakeholder involvement (.000). Since the pvalues are less than 0.05, the study concluded that there was significant relationship between organization performance and the independent variables (organization culture, organization communication strategy and stakeholder involvement). Also the regression analysis showed that p-value was less than .05. Since the p value is

less than 0.05, the study concluded that strategic change management has effect on performance of Kenya Power at Thika station. Therefore, strategic change management is a useful predictor in the level of organization performance and management should ensure that they adopt the relevant strategic change management techniques to boost organizational performance.

#### **Conclusions**

Based on the study finding, the research concluded that organization culture contributed the organization performance. It was therefore, necessary for the management to look into the organization values and the culture in order to realize the high performance.

Secondly, the study concluded that communication strategy is very key in the organization performance especially when a strategic change management is to be effected in the organization. The management must use the relevant communication channels such as oral, telephone, electronic media and written modes in passing the strategic change management plans

Finally, the study concluded that stakeholder involvement in strategic change management is very pivotal in achieving the organization performance. The management should engage the relevant people who are associated with the organization on any need for strategic change. This will help in reducing the risks of resistance by the

stakeholders, and helps to gather the inputs of the stakeholders towards the strategic change management for the improved organization performance.

#### Recommendations

The study recommends that Kenya Power need to involve all stakeholders in every step they make in improving the performance. KPLC and other service sector institutions should focus on teamwork & cooperation, organizational culture, communication strategies and stakeholder involvement. This is to enable top management to review their strategic change management programs, consistent with the needs of the organization. In public sector organizations like Kenya Power, communication strategies such as social media, electronic media and other communication modes should be enhanced so that to facilitate sharing of the strategic change management areas. Finally, the study recommends that KPLC should ensure that all stakeholders are engaged in their strategic change management. This will enable smooth adoption and implementations of the strategic changes required the organization and hence improve performance.

## Areas for further research

The study suggests that a similar study should be carried out in a private sector company in Kenya. Also it suggests a study on the effect of strategic training on employee performance of the public sector in Nairobi County.

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