

**Management of Strategic Change at
National Social Security Fund of Kenya**

BY:

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**A Research Project submitted in partial fulfillment of the
requirement for the award of Master of Business
Administration Degree School of Business
University of Nairobi**

October 2012

DECLARATION

This Research study is my original work and has not been presented for award of any certificate, diploma or degree in any institution of higher learning.

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This management project has been submitted for examination with my approval as the University of Nairobi Supervisor.

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ACKNOWLEDGEMENT

I must thank our almighty God for his gift of life, kindness, mercies and grace from which I got my courage and strength every day while pursuing the course. I also wish to register my deep gratitude and appreciation to NSSF management for having allowed me to pursue the course, for accepting my request to undertake research on the institution. I cannot forget those who granted me time and opportunity to interview them, all my friends who encouraged me during difficult times and shared useful information. I am equally indebted to my family for the sacrifice and their provision.

Special thanks go to my supervisor, Jeremiah Kagwe for his guidance, support tireless efforts and commitment that made this research paper accomplished may God bless him abundantly. Not forgetting all the lecturers of the University of Nairobi for having spent their valuable time in imparting knowledge to us in this dynamic society.

DEDICATION

This research project is dedicated to my family, my daughter Ivy Chelaa and my son Chris Yatoi for their moral support, patience and understanding without which this project and course could not have succeeded.

ABBREVIATIONS AND ACRONYMS

BPR	Business Process Reengineering
COTU	Central Organization Trade Union
FKE	Federation of Kenya Employers
ILO	International Labour Organization
NSSF	National Social Security Fund
NSSPST	National Social Security Pension Trust
IT	Information Technology
RBA	Retirement Benefits Authority
PCI	People Centered Implementation

ABSTRACT

The National Social Security Fund (NSSF) was established in 1965 through an Act of Parliament and operated as a department under the Ministry of Labour until 1987 when the NSSF Act was amended, transforming it into an autonomous State Corporation under a Board of Trustees. The study sought to determine the strategic change management approaches adopted by NSSF and challenges faced in implementing strategic change. Strategic change is an ever-present feature of organization life, both at an operational and strategic level. Being a case study the researcher utilized an interview guide for more comparability and the interviewer's neutrality. Data collected was analyzed using content analysis because of its qualitative nature. Various departmental managers, who coordinate management of strategic change were chosen to participate in the study to avoid duplication of data had more interviews been undertaken. Primary data was collected using an interview guide. The study revealed that the management of strategic change adopted by NSSF was mainly reactive in that most of the changes were carried out of responses to both the external and internal needs. The main intension being to realign and reposition itself in the market in order to remain relevant as well as to meet the regulatory requirements from RBA. From the study it was noted that the existence of strong negative culture, unfair human resource practices coupled with mismatched of employees' technical skills verses job placement stood on the way of fast and successful management of strategic change. The study highlighted some challenges of management of strategic change which included poor infrastructure in terms of modern information and technology. The study came up with recommendation in which NSSF should consider in order to achieve its management of strategic change which included other studies being undertaken in other organizations in the pension industry to enable comparison of the findings and involving more staff to participate in the study.

TABLE OF CONTENTS

Declaration.....	(ii)
Acknowledgement.....	(iii)
Dedication.....	(iv)
Abbreviations and Acronyms.....	(v)
Abstract.....	(vi)

CHAPTER ONE: INTRODUCTION

1.1	Background of the Study.....	1
1.1.1	Strategic Change	2
1.1.2	Organizational Change.....	4
1.1.3	Strategic Change Management.....	5
1.1.4	Challenges of Strategic Change Management.....	6
1.1.5	Pension Industry in Kenya.....	7
1.1.6	The National Social Security Fund in Kenya.....	8
1.2	Research Problem.....	10
1.3	Research Objectives.....	12
1.4	Value of the Study.....	12

CHAPTER TWO: LITERATURE REVIEW

2.1	Introduction.....	14
2.2	Organizational Change.....	14
2.3	Management of Strategic Change.....	14
2.4	Strategic Change Approaches.....	15
2.5	Challenges of Management of Strategic Change.....	17
2.5.1	Resistance to change.....	17

2.5.2 Organizational Leadership.....	17
2.5.3 Organizational Structure.....	18
2.5.4 Organizational Culture.....	19
2.5.5 Organizational policy on communication.....	19
2.5.6 Human Resource.....	20
2.5.7 Information Technology and support Systems.....	21

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction.....	22
3.2 Research Design.....	22
3.3 Data Collection	23
3.4 Data analysis.....	24

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction.....	25
4.2 Data analysis.....	25
4.3 Results of the study.....	25
4.3.1 Strategic change management approaches.....	26
4.3.2 Organizational change.....	26
4.3.3 Strategic change management.....	26
4.4 Challenges of strategic change management	27
4.4.1 Organizational leadership.....	27
4.4.2 Organizational structure.....	28
4.4.3 Organization culture.....	28
4.4.4 Communication.....	28
4.4.5 Human resource and Reward systems.....	29

4.4.6 Organization policies.....	29
4.4.7 Information and Communication technology.....	30
4.5 Discussion of the findings.....	30
CHAPTER FIVE: SUMMARY, CONCLUSION AND	
RECOMMENDATIONS	
5.1 Introduction.....	32
5.2 Summary of the findings.....	32
5.3 conclusion.....	33
5.4 Recommendations for policy and practice.....	33
5.5 Limitation of the study.....	34
5.6 Recommendation for further studies.....	35
REFERENCES.....	36
APPENDIXES.....	37
Appendix I: MBA project supervision allocation form.....	40
Appendix II: Request for authority to collect data letter.....	41
Appendix III: Authority to collect data.....	42
Appendix IV: Introduction letter to respondents.....	43
Appendix V: interview guide.....	44

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Changing circumstances and ongoing management's efforts to improve strategy cause a company's strategy to evolve over time. Most a time a company's strategy evolves incrementally from managements' ongoing efforts to fine tune strategy and to adjust certain strategy elements in response to unfolding events. Sometimes fine tuning the existing strategy is not enough and major strategy shifts is called for such as when the strategy is failing and the company faces a financial crisis or when an important technological breakthrough occurs. Thus the company strategy at any given point is fluid, representing the temporary outcome of an ongoing process. Thompson *et al* (2006). Change management is a problem finding and problem solving activity. The problem is the future state to be realized, some current state to be left behind, and some organized process for getting from one state to the other Burnes (2004).

The National Social Security Fund (NSSF) was established in 1965 through an Act of Parliament Cap 258 of the Laws of Kenya. The Fund operated as a department under the Ministry of Labour until 1987 when the NSSF Act was amended, transforming it into an autonomous State Corporation under a Board of Trustees. Since its establishment in 1965, the organization has grown in terms of operations, financial resources and membership as time went by, this therefore called for a paradigm shift in the way operations are carried out as members began to demand better, efficient and reliable services. To help improve services to its clients NSSF embarked on change programme in

1997 by training staff and computerizing most of its process. Proper management of change management practices helps organization to remain relevant and competitive in the ever changing macro environment. Previous studies show that organizational change has not been smooth sailing, but has been faced with a lot of internal resistance because of factors like fear of unknown and destabilization of status quo. Implementing change in the operations of the organization is to introduce a process that is bound to face challenges.

1.1.1 Strategic Change

Change in organization can be either proactive or reactive. Companies that take proactive approach to change are often trying to avoid potential future threat or to capitalize on a potential future opportunity. Reactive change occurs when the organization makes changes in its practices after some threats or opportunity has already occurred. Influenced by changing paradigm shift in the field of management of organization there exist two forms of change which is either planned or emergent change. New opportunities, products and business initiatives are exciting moments that signal change and disruption. Change is never easy almost 70% of change fails or are derailed (<http://www.kenblanchard.com>).

An early model of change developed by Lewin (1951) described change as a three-stage process. The first stage he called "unfreezing". It involved overcoming inertia and dismantling the existing "mind set". Defense mechanisms have to be bypassed. Lewin believed that the stability of human behaviour was based on a quasi stationary

equilibrium supported by a complex field of driving and restraining forces. He argued that the equilibrium needs to be destabilized (unfrozen) before old behaviour can be discarded and new behaviour successfully adopted.

He (Lewin) did believe that change is easy or the same approach would be applied to all situations. Unfreezing is not an end in itself, it creates motivation to learn but does not necessarily control or predict the direction. In the second stage change occurs as we make the changes that are needed. The third and final stage he called "freezing". The new mindset is crystallizing and one's comfort level is returning to previous levels. This is often misquoted as "re refreezing". Lewin was aware that change is not an event, but rather a process. He called that process a transition. Transition is the inner movement or journey we make in reaction to a change.

Schein (1996) expounding on Lewin's ideas comments that the key to unfreezing was to recognize that change whether at the group or individual level was profound psychological dynamic process. He identified three processes necessary to achieve unfreezing, disconfirmation of the validity of the status quo, the induction of guilt or survival anxiety and creating psychological safety. The disconfirming information will be denied or in other ways defended against, no survival anxiety will be felt and consequently no change will take place. Therefore those concerned have to feel safe from loss and humiliation before they can accept the new information and reject old behaviour.

According to Burnes (2004) change is an ever-present feature of organization life, both at an operational and strategic level. Therefore, there should be no doubt regarding the importance of any organization of its ability to identify where it needs to be in the future, and how to manage the change required getting there. Consequently, organizational change cannot be separated from organizational strategy, or vice versa (Burnes 2004, Rieley & Clarkson, 2001).

1.1.2 Organizational Change

Organizational change is a fact of business life. The ADKAR model for individual and organizational change management was developed by Prosci with input from more than one thousand organizations from fifty nine countries. This model describes five required building blocks for change to be realized successfully on an individual level. These are desire to support and participate in the change, knowledge of how to change, ability to implement new skills and behaviors and reinforcement to sustain the change Organizational. (<http://smallbusiness.com>)

Organizational change management processes include techniques for creating a change management strategy, engaging senior managers as change leaders, building awareness of the need for change through communications, developing skills and knowledge to support the change, helping employees move through the transition, and methods to sustain the change through measurement systems, rewards and reinforcement. (<http://smallbusiness.com>). Due to the importance of organizational change, its management is becoming a highly required management skill (Senior, 2002).

According to Dawson (1984) Organizational change management includes processes and tools for managing the people side of the change at an organizational level. These tools include a structured approach that can be used to effectively transition groups or organizations through change. When combined with an understanding of individual change management, these tools provide a framework for managing the people side of change. Organizational change management processes include techniques for creating a change management strategy, engaging senior managers as change leaders, building awareness of the need for change through communications, developing skills and knowledge to support the change, helping employees move through the transition, and methods to sustain the change through measurement systems, rewards and reinforcement.

1.1.3 Strategic Change Management

Management of strategic change is a set of processes that is employed to ensure that significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change. Many rigid managers try to use change management to regulate and direct the random and chaotic events swirling around them. They are not comfortable with letting their change management plan and path to higher performance unfold and evolve toward their vision, values, purpose, goals and priorities. Change management plans are built on faulty premise that there is a right path which can be determined in advance and then implemented (<http://www.managerwise.com>)

Changing circumstances and ongoing management's efforts to improve strategy cause a company's strategy to evolve over time. Most a time a company's strategy evolves incrementally from managements' ongoing efforts to fine tune strategy and to adjust certain strategy elements in response to unfolding events. Sometimes fine tuning the existing strategy is not enough and major strategy shifts is called for such when the strategy is failing and the company faces a financial crisis or when an important technological breakthrough occurs. Thus the company strategy at any given point is fluid, representing the temporary outcome of an ongoing process. (Thompson *et al* 2006). Change management is a problem finding and problem solving activity. The problem is the future state to be realized, some current state to be left behind, and some organized process for getting from one state to the other (Burnes 2004).

Management of strategic change is critical to success of any organization, it represents a disciplined process or a logical set of connected activities that enables an organization to choose a particular policy and make it work. A host of challenges which are either internal or external to the organization routinely get in the way of change management at implementation stage.

1.1.4 Challenges of Strategic Change Management

Strategic change management is a set of processes that is employed to ensure that significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change. Many rigid managers try to use change management to regulate and direct the random and chaotic events swirling around them.

Change management plans are built on faulty premise that there is a right path which can be determined in advance and then implemented (<http://www.managerwise.com>). Some of the models address the concept of changing processes to empower people in the organization to change. This step includes evaluating the current systems, processes and capabilities to facilitate change.

Failure of an organizational change can lead to destructive outcomes such as low productivity and unfulfilled expectations wasted time and money and increased employee turnover. Leading people through change teaches how to identify and address the type of questions that employees raise during change as well as how to use the appropriate strategy and corresponding behaviours to resolve concerns. These change strategies assist address the most common causes of failure in an organization and adapt to the present stages of concern (<http://www.kenblanchard.com>).

1.1.5 The Pension Industry in Kenya

In Kenya, the achievement of universal and affordable access to social security, reduction of income insecurity, reduction of the unequal access to opportunities and removal of discrimination has been slow due to resultant burden on existing social security arrangements, changing family structures and values. Despite this glaring need, Kenya does not have a conducive, legislative, policy and institutional environment. First The Government has not domesticated the provisions of international treaties and conventions on the right to social security, a pre-requisite before such provisions can be invoked in domestic court. Secondly, Kenya does not have an official policy on social security,

social insurance or other form of social security protection. This implies that whatever legislative or institutional interventions exist or are made from time to time do not flow, emanate or derive from a clear, central coordinated policy.

Pension schemes existing in Kenya are limited to formal sector workers. ILO estimates that about 84% of the labour force is excluded while those covered receive benefits that fall short of their basic needs. Given the limitation of the existing provident fund, the social partners have embarked on an ambitious reform programme intended to amend the NSSF Act and convert it into social insurance pension scheme (NSSPT) which will eventually pay life time monthly pension to the workers upon retirement. The converted NSSF will serve as the 1st pillar of social security leaving occupational and private schemes to compliment it as the 2nd and 3rd pillars respectively. Other pension providers includes Government pension scheme for the civil servants, judiciary, parliamentary, local authority pension, as well as in house pension schemes such as University of Nairobi pension scheme 2007.

1.1.6 The National Social Security Fund of Kenya

The National Social Security Fund (NSSF) was established in 1965 through an Act of Parliament Cap 258 of the Laws of Kenya and became operational in 1966. The Fund operated as a department under the Ministry of Labour until 1987 when the NSSF Act was amended, transforming it into an autonomous State Corporation under a Board of Trustees. In 1988, the board of trustees consisting of nine (9) members was created with members from Federation of Kenya employers' (FKE), Central Organization of Trade

Unions (COTU) and Government. This composition of board of trustees was meant to accommodate the views and aspirations of the three key social partners (Government, Workers and Employers representatives) in the policy formulation and the running of the organization.

The NSSF Act Cap 258 Laws of Kenya and the Minister of Labour's Legal Notice No. 159 of 30th October 2009 compelled all employers in all sectors to register with NSSF and start remitting contributions for its employees. This means all workers in both formal and informal sectors of the economy are guaranteed of social security protection as required by the International Labour Organization.

NSSF is a provident Fund and it is mandatory for all employers to remit their employees contribution unless they are exempted by the Minister of Labour. This means members are paid in lumpsum payment upon retirement from employment. Currently the Fund has over 3 million registered members with an active membership of about 1.2 million. Therefore the Fund has to ensure that employers remit contributions on behalf of their employees on time. Further, in order to realize value on member's savings the Fund invests the member's contributions in portfolios with good returns such as in Government instruments.

In Kenya existing pension schemes are limited to formal sector workers. ILO estimates that about 84% of the labour force is excluded while those covered receive benefits that fall short of their basic needs. Given the limitation of the existing provident fund, the

social partners have embarked on an ambitious reform programme intended to amend the NSSF Act and convert it into social insurance pension scheme (NSSPT) which will eventually pay life time monthly pension to the workers upon retirement. The converted NSSF will serve as the 1st pillar of social security leaving occupational and private schemes to compliment it as the 2nd and 3rd pillars respectively.

1.2 Research Problem

Change management is a unique organizational improvement strategy that emerged in the late 1950s and early 1960s. It has evolved into an integrated framework of theories and practices capable of solving or helping to solve most important problems confronting the human side of organizations. Change management is the process of continually renewing an organization's direction, structure, and capabilities to serve the ever changing needs of external and internal customers Moran & Brightman, (2001).

According to Burnes (2004) change is an ever present feature of organization life, both at an operational and strategic level. Therefore, there should be no doubt regarding the importance of any organization of its ability to identify where it needs to be in the future, and how to manage the change required getting there. Consequently, organizational change cannot be separated from organizational strategy, or vice versa Burnes (2004), Rieley & Clarkson, (2001). Due to the importance of organizational change, its management is becoming a highly required management skill (Senior, 2002). Strategic change management is a problem finding and problem solving activity. The problem is the future state to be realized, some current state to be left behind, and some organized process for getting from one state to the other (Burnes 2004).

NSSF has tremendously grown in terms of operations, financial resources and membership as time went by, this therefore called for a paradigm shift in the way operations are carried out as members began to demand better, efficient and reliable services. To help improve services to its clients NSSF embarked on change programme in 1997 by training staff and computerizing most of its process. Strategic change management practices if properly managed helps organization to remain relevant and competitive in the ever changing macro environment. Previous studies show that organizational change has not been smooth sailing, but has been faced with a lot of internal resistance because of factors like fear of unknown and destabilization of status quo. Implementing change in the operations of the organization is to introduce a process bound to face challenges.

Management of strategic change has attracted the attention of researchers, leading to various studies being undertaken over the years which include change management and practices at Equity Bank (Meja 2009), challenges of managing strategic change in Telkom Kenya during and after privatization (Ouma 2009), strategic change management at Energy Regulatory Commission of Kenya (Ojendo 2009), management of strategic change at Uzima Foundation (Oranga 2009), change management practices in the Kenyan Department of Immigration (Tanui 2008) management of strategic change at Alibhai Shariff and Sons (Kaloki 2011), the effect of change management in an organization (Kamugisha 2011). However on there is no known research that has been conducted on strategic change management in the pensions sector and specifically National Social Security Fund.

The study therefore seeks to bridge the existing knowledge gap by establishing strategic change management approaches and its challenges at NSSF and make recommendations on the way forward.

The study aims at getting information to answer the following questions

What are the strategic change approaches and challenges of strategic change at NSSF?

1.3 Research Objectives

The objectives of the study are

- (i). To establish strategic change management approaches adopted by NSSF in Kenya
- (ii). Determine challenges of strategic change management at the NSSF in Kenya.

1.4 Value of the study

The findings of this study will assist leadership and management of NSSF in solving the problems encountered in strategic change management. The outcomes will also help improve the quality of decision making based on previous performance hence it is like evaluating the achievements so far realized.

Further the results provide valuable information and an in-depth understanding on broad and specific challenges the organization is facing in its efforts of making strategic change management a success.

The findings will also add to the pool of knowledge which can be utilized by researchers and research institutions, academicians, Government agencies and scholars. Finally NSSF will be able to develop better systems, policies and structures to improve the efficiencies and effectiveness in service delivery using recommendations and suggestions provided.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is devoted to review of literature related to development of management strategic change concept and challenges of change management.

2.2 Organizational Change

There is a science to management of strategic change. Change is being seen as a new critical organization discipline which is focused on increasing the organization's capability to adapt and adopt new ways of doing business. This will remove the earlier notion that change can be handled n an ad hoc basis, occasionally aided by experience

Organizational change management processes include techniques for creating a change management strategy, engaging senior managers as change leaders, building awareness of the need for change through communications, developing skills and knowledge to support the change, helping employees move through the transition, and methods to sustain the change through measurement systems, rewards and reinforcement.
(<http://smallbusiness.com>).

2.3 Management of Strategic Change

Change management is a systematic approach to dealing with change both from the perspective of an organization and on the individual level. Change management has at least three different aspects, including, adapting to change, controlling change and effecting change. Successful adaptation to change is a crucial within an organization as it

is in the natural world just like plants and animals, organizations and the individuals in them inevitably encounter changing conditions that they are powerless to control (<http://searchio-midmarket.target.com>).

Strategic change is one that involves fundamental changes in business of organization and its future direction. Successful strategic change is built on an overall strategic management system of the organization. The strategy of the organization legitimizes the change programme. The transforming of the organization so it is aligned with the execution of a chosen corporate business strategy. Change management is empowering organization and individuals for taking over responsibility of their future.

2.4 Strategic Change Management Approaches

The ADKAR model for individual and organizational change management was developed by Prosci with input from more than one thousand organizations from fifty nine countries. This model describes five required building blocks for change to be realized successfully on an individual level. These are awareness which is the reason why the change is needed, desire to support and participate in the change, knowledge of how to change, ability to implement new skills and behaviors and reinforcement to sustain the change (<http://smallbusiness.com>).

Rigid managers try to use change management to regulate and direct the random and chaotic events swirling around them. They are not comfortable with letting their change management plan and path to higher performance unfold and evolve toward their vision, values, purpose, goals and priorities. Change management plans are built on faulty premise that there is a right path which can be determined in advance and then implemented (<http://www.managerwise.com>).

People Centered Implementation (PCI) is a change management methodology developed by change first, which has been continuously improved since the 1990s. It has been applied in the field of people change management by organization and their change agents in over thirty five countries around the world. PCI describes the six critical success factors that must be managed to build commitment to change initiatives and create behaviour change. These are shared change purpose which create and share a powerful case for change in the organization, effective change leadership that develop strong change leadership for initiative, powerful engagement process which build and deliver plans to engage people in the change, strong personal connection which create commitment and behaviour changing actions for the front line people and sustained personal performance that support people as they learn to adapt, managing their resistance sensitively and empathetically (<http://smallbusiness.com>).

2.5 Challenges of Management of Strategic Change

Change management is critical to success of any organization, it represents a disciplined process or a logical set of connected activities that enables an organization to choose a particular policy and make it work. Developing such a logical approach however represents a formidable challenge to management. A host of challenges which are either internal or external to the organization routinely get in the way of change management at implementation stage. These challenges are discussed under various sub-heading below

2.5.1 Resistance to Change.

Resistance to change is a multifaceted phenomenon which introduces delays, additional costs and instabilities into the process of change. These changes are either systemic or behavioral resistance. This may be due to threat of job status, breakup of work group, competing commitments. This will require intervention measures such as education, communication negation, agreement and other measures that will mitigate effects of resistance.

2.5.2 Organizational Leadership

Leadership is about coping with change. It has become so important in the recent years because the business world has become more competitive and more volatile. The net result is that doing what was done yesterday, or doing it five percent better is no longer a formula for success. Major changes are more and more necessary to survive and compete effectively in this new environment. More change always demands more leadership Kotter (1990).

Organizational leadership then involves guiding the organization to deal with constant change by embracing change through strategic intent clarification and providing the management skill to cope with the ramifications of constant change. The leadership challenge is to galvanize commitment among people within an organization as well as stakeholders outside the organization to embrace change and implement strategies intended to position the organization to succeed in a vastly different future Pearson & Robinson (2007).

2.5.3 Organizational Structure

In a highly centralized organizational structure, top executives retain authority for most strategic and operating decisions and keep a tight rein on business-unit heads, department heads and the managers of key operating units comparatively little discretionary authority is granted to frontline supervisors and rank and file employees. The command and control paradigm of centralized structures is based on the underlying assumption that frontline personnel have neither time nor the inclination to direct and properly control the work they are performing and that they lack the knowledge and judgment to make wise decisions about how best to do it.

Hierarchical command and control structures make an organization sluggish in responding to changing conditions because of the time it takes for review or approval process to run up all the layers of the management bureaucracy. When the relevant knowledge resides at the lower organizational levels, it is difficult and time consuming to

get all of the facts and nuances in front of a high level executive located far from the scene of action full understanding of the situation cannot be readily copied from one mind to another Thompson *et al* (2006). Hence change management will be held back because of the traditional structures and roles that do not match future and current changes in the macro environment.

2.5.4 Organizational Culture

Organizational culture is the basic assumptions and beliefs that are shared by members of an organization that operate unconsciously and define in a basic taken-for granted fashion an organization's view of it and its environment Schein (1985). Resistance to change may be legitimized by cultural norms (Johnson *et al* 2006).

Culture in an organization is reflected in the way people unconsciously perform tasks, set objectives and administer resources to achieve them. It affects the way they make decisions, think, feel and act in response to opportunities and threats. Organization culture is said to be negative when relationship between employees and the management is bad and employees are informally united against official structures because they do not trust the management (Sababu 2007).

2.5.5 Organizational Policy on Communication

According to Johnson *et al* (2007) Communication is the process of transmitting information from one person to another through specific channel in a given environment. It refers to the process of sharing ideas, facts, opinions, and emotions. It is said to be

complete when there is a directional reaction towards the mission or feedback. In all these channels of communication, networking should be the focal point because all positions in an organization matter.

Managers faced with affecting change typically underestimate substantially the extent to which members of the organization understand need for change, what it is intended to achieve, or what is involved in the changes. Feedback on communication is important, particularly if the changes to be introduced are difficult to understand or threatening or if it is critically important to get the changes right. In addition the purpose of the changes may be misunderstood or misconstrued at such levels. The challenge is putting in place efficient and effective communication systems capable of demanding resources for proper change management.

2.5.6 Human Resource

Research and experience show that employees tend to resist change even if changes being undertaken appear to management and other stakeholders as going to improve working conditions in the organization. But before this happens opposition from employees accompanied by industrial action can make introduction of change very difficult. There are individual differences in employee's perceptions to change. Others dislike change of any kind even in their private lives.

Management intending to introduce changes in working techniques or company organization should consider carefully the effects of changes on the firm's human resource as it the most valuable of asset an organization. The positive attitude of the human resource is very crucial in the success of intended changes.

2.5.7 Information Technology and Support Systems

Investment in technology or organizational innovations will not bring the benefits that management expects if the employees show resistance to change. The cost of dealing with disputes and the low level of productivity that is often found can be so great that top management and its leadership especially in companies where industrial relations is poor, prefer to retain an out dated technology rather than face the turmoil that the introduction of new methods would bring. Management should therefore realize that resistance to change likely to occur is based on mistrust, suspicion and fear of unknown and not on stupidity and obstinacy, and can be reduced if not overcome by careful diagnosis of the situation Graham & Bennet (1998).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with the methodology used in the study. The chapter has been organized into research design, data collection procedures and data analysis techniques

3.2 Research Design

The case study was aimed at determining management strategic change at NSSF as well as to establish challenges encountered during the process. The case study design is appropriate because the researcher is able to carry out comprehensive and thorough examination of the strategic change management in this particular organization is experiencing. Case study method is a technique in depth rather than breadth, places more emphasis on full analysis of limited number of events and conditions and their interrelationship. It is essentially an intensive investigation of the particular unit under consideration. The objective of the case study method is to locate the factors that account for the behaviour patterns of the given unit as an integrated totality (Kothari 2004).

According to Young (1960) case study is “a comprehensive study of a social unit be it that unit of a person, a group, a social institution, a district or community.” Case study method is a fairly exhaustive study by which an institution or group is analyzed in its relationship to any other in the group Odum & Jocher (1929). Other researchers who have used case study method in the past are Muthuiya (2005) on strategy implementation and its challenges in NGOs in Kenya case study of AMREF, Benson (2006) challenges

facing K-REP Bank in implementing strategic plans, Ochanda (2006) challenges of strategy implementation at Kenya Industrial Estates, Nguma (2006), Githui (2006) challenges of strategy implementation in the scripture union of Kenya, and Oyugi (2007), Challenges faced by the University of Nairobi in implementing competitive strategies.

3.3 Data collection

Primary data source was utilized to collect the relevant data for the study through an interview guide. The interview guide was structured into five parts, section A contained be personal information of the respondent, section B strategic change, part C organizational change, part D the strategic change management and finally part E addressed the challenges of strategic change management.

The Interview guide has been used previously in other studies Tonui (2009), Oyugi (2007), Buluma (2005) and Kapanat (2008). Objective of the study required that departmental heads in Research and Development department, Strategy and Change department, Human Resource and Administration department, social security department, Finance and investment department and information Technology department be interviewed in order to get broader view of problem under study. It is these managers who are responsible for the planning, directing, coordinating change management and evaluation of all the policies within their functional areas on behalf of the board of trustees.

3.4 Data Analysis

Data analysis has multiple facets and approaches, encompassing diverse techniques under a variety of names, in different business, science and social science domains Kothari (2004). Content analysis was employed in this study to analyze data collected from the interview guide. Content analysis guards against selective perception of the content, provides for rigorous application of reliability and validity criteria, and amenable to computerization Cooper and Schindler (2006). This allowed analytical understanding of meaning from respondents' information and other documented materials on strategic change management.

Content analysis method allowed qualitative data collected to be examined based on interpretation and meaning of information from the respondents on approaches and challenges of strategic change management practices. Qualitative data collected required analytical understanding rendering the content analysis the most suitable. It has been used by Koskei (2003) Strategy Implementation and its Challenges in Public Corporation (The Case of Telkom Kenya Ltd), unpublished MBA Project, University of Nairobi, Ateng (2007) challenges of strategy implementation at the Ministry of Finance in Kenya and Omollo (2007)

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter outlines the analysis of data obtained and the findings of the study. The data collected through interview guide were summarized and analyzed using content analyses as presented in this chapter. The interviewer managed to carry out all scheduled interviews.

4.2 Data Analysis

The data collected through interview guide was analyzed through content analysis technique. This techniques allowed qualitative data to be examined based on the interpretation and meaning of information from the respondents on the approaches of management of strategic change and the challenges faced by NSSF while implementing.

The respondents who took part in the study were the departmental heads drawn from Research and Development, Strategy and Change, Human Resource and Administration Social Security, and Finance and lastly Information Technology departments. They are part of the top management who are involve in direct formulation of policies and coordination of the management of strategic at the NSSF.

4.3 Results of the study.

The following were the findings of the study undertaken to establish approaches to management of strategic as well as challenges of the same.

4.3.1 Strategic Change Management Approaches

Strategic change undertaken by NSSF was mainly in response to threat by the Regulatory Authority RBA intention to liberalize the pension industry in Kenya, essentially curtailing NSSF monopoly. The main intention therefore was to realign and reposition itself in the market in order to remain relevant in the competitive changing environment. If the objective will be achieved amid internal and external challenges will remain to be a tall order.

4.3.2 Organizational Change

Organizational change strategies adopted by the Fund were engaging senior management as change agents, building awareness through seminars and workshops, communicating change policies and developing infrastructure to support change. However the desire and ability to implement the desired change was more often than not resisted by employees especially at lower cadre. The transition of employees to the new state was therefore not fully realized.

4.3.3 Strategic Change Management

Strategic change management was in tandem to the Fund moving towards its vision of becoming world class centre of excellence in the provision of social security. This is because the Fund employed both planned and emergent change approaches. The Fund was desirous of moving from one fixed state to another through a series of pre planned steps taking into consideration the need for the organization to align its internal practices to the external conditions.

Strategic change management undertaken by the Fund will create effectiveness and efficiency in its service delivery in the long run. Performance will be improved through installation of new systems, infrastructure, training of employees and developing manager's skills in order to achieve and sustain the intended changes. Periodic reviews, through measurements, rewards and reinforcement will consolidate change management success.

4.4 Challenges of Strategic Change Management

The following were the challenges which were noted to the management of strategic change at NSSF.

4.4.1 Organizational Leadership

The recent changes in the organization top management coupled with external politics which led to previous managers being demoted has created a leadership squabbles in the to the extent that policy issues were delayed. The choice of the top management team to oversee change management is not based on one's skills, competence and capabilities, but at the discretion of the Board of Trustee' vested interest. Top managers usually regard strategic change as the work of the subordinates and line managers yet the responsibility for failure or success is upon them. The study revealed that management of strategic change has not received much attention, diagnosis, education and involvement. The discussions are usually done outside offices in hotels rendering its acceptance a pipe dream.

4.4.2 Organization Structure

The organization structure existing currently is tall. However, not all positions as provided for in the structure are filled. This implies that strategy implementation may be adversely affected because of the existing gaps in the structure. This has made NSSF to be slow in responding to changing needs of the customers, because work over load on the other staff members. More time is taken for approval procedures to pass through the layers of management hierarchy. Departmental roles are not clearly defined and sometimes duplicated creating conflicts in allocation of resources. Smooth management strategic change is therefore hindered because of the ambiguities which exist in the traditional structure.

4.4.3 Organization Culture

The organization's present culture is not compatible with changing times neither does it promote behaviors and attitude needed for effective management of strategic change. Culture is in conflict with most aspects of the official organizations policy thereby becoming a hindrance to efforts directing to influence change. There is strong negative culture and relationship between employees and top management. Employees informally unite against official structures and activities like restructuring and change management efforts because of fear of the unknown.

4.4.4 Communication

Ideally communication is supposed to flow in three directions downwards, upwards and lateral. However this is not the case at NSSF since one channel of communication is used (downwards) and the rest ignored. This means that staff at junior levels cannot

communicate their ideas, suggestions and comments on important issues affecting strategic change. Therefore innovation and invention of new ideas is stifled and grapevine channels come in handy. Communication channels and policies exist with the common ones being meetings, memos, circulars, emails, newsletters, journals and reports. However, it is not adhered to giving room for grapevine communication. Communication equipments and tools were also found to be inadequate as the ratio of computers to staff is 1:3 which means almost three employees share one computer.

4.4.5 Human Resource and Reward System

Human resource being the most valuable asset in an organization must be correctly motivated and placed in order to realize its full potential. The study revealed that NSSF has experienced challenges in this department because of internal politics which has led to some staff being promoted without the required credentials to perform efficiently and discharge their duties in their work stations and even at times unable to make decisions. Because of misplacement and promotions beyond one's competence, creativity and innovativeness has been relegated to the periphery.

4.4.6 Organization Policies

Training and Promotion policies came out as a challenge facing to management of strategic change at NSSF. Promotion is not transparent and clear policy guidelines and structures to be followed have not been put in place to guide the process. Training is usually conducted in uncoordinated and adhoc manner resulting in few individuals being trained continually at the expense of other deserving cases. Training needs assessment or

evaluation is not done by supervisors or departmental heads annually as required by the staff regulations. Redeployment of staff is a form of punishment resulting in staff being redeployed to unfamiliar sections outside their professional qualification making it difficult for them to deliver and implement particular intended change policies.

4.4.7 Information & Communication Technology

ICT being the lifeline of every organization in terms service delivery has been widely ignored at NSSF. For example a lot of tasks are done manually thereby delaying real time information. This is due to the fact that top management has not provided necessary infrastructure to procure, support and facilitate usage of appropriate ICT systems. ICT systems used in the Fund are inbuilt with little input or none from technical experts. Generally these systems are not adequate in the provision of timely reports hence impact negatively on the provision of services. Therefore ICT is a challenge to management of strategic change.

4.5 Discussion of the findings.

There were several similarities noted from the findings that NSSF employed and those in other past studies. A lot of management of strategic change approach is similar to what is in the AKDAR model developed by prosci. These are awareness which is the reason why change is needed the desire to support and participate in the change. The Knowledge of how to change and ability to implement new skills and behaviours and reinforcement to sustain the change was reflected in the findings of the study.

The study establish that NSSF adopted PCI as a change management methodology which ensured involvement of people to have share change purpose.

NSSF was noted to have faced similar challenges such as negative culture, organizational leadership, organization structure, in appropriate organization policy on communication, human resource as well as information and technology and support system as the major challenges in their quest to manage strategic change. The management should therefore realize that resistance to change likely to occur is based on mistrust, suspicion and fear of the unknown and not on the stupidity and obstinacy, and can be reduced if not overcome by careful diagnosis of the situation graham and Bennet(1998) It was also establish the challenges facing one organization may not limited to that organization alone but may be similar to those facing other organization other especially those who are operating within the same industry or the same environment.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of major findings of the study, summary, conclusion and recommendations from the findings

5.2 Summary of the findings

The study was based on two objectives. First was to establish management of strategic change adopted at NSSF and to determine challenges of strategic change management in the same organization. The existence of strong negative culture, unfair human resource practices, mismatch of employees' technical skills versus job placement, the fear of change process and inadequate communication to support strategic change management, poor infrastructure in terms modern information and Communication Systems. Other management of strategic change challenges that NSSF had to contend with is the tall and bureaucratic structure. Absence of consultative approach by the top management with employees has also slowed strategic change management. The finding showed that financial resource did not pose a major impediment in the management of strategic change at NSSF since the allocated budget was adequate and the process was carried out over a period of time.

5.3 Conclusion

These conclusions were generalizations on the subject of the study and drew heavily from information on organizational change, change management approaches and challenges of change management at NSSF. The researcher found out that NSSF strategic change management was as a result changing paradigm shift and threats in the environment it is operating due to ever changing and increasing demand by its clients. The researcher also found out that change management has encountered five (5) major challenges to change management leadership of the top management and involvement, unstructured communication channels which hinders effective communication, organization culture, obsolete information systems and organization structure.

Employees fear change because of not knowing the outcomes of strategy being implemented since it is usually associated with layoffs, redundancies and retrenchment. The challenge is the future state to be realized, some state to be left behind (status quo) and the organized process of getting from the present state to the other. Since strategy implementation is all about change people resist hence implementation process is stifled.

5.4 Recommendation for the policy and practice

It is highly recommended that NSSF address challenges to do with communication, ICT, culture and reward management system. Clear open communication channels that ensure feedback should be encouraged. Reward should be tied with performance to avoid dissent and conflict among the various cadres of employees. High priority should be given to training of all employees to reduce resistance to change, enhance culture change. Despite

the fact that changes is inevitable for survival of an organization. Extra care should be taken on the process change is being undertaken so as not to disrupt operation and service delivery in the course managing change.

5.5 Limitations of the Study

The limitation of the study is that being a case study it only gives the findings drawn from only one organization and hence may not be true to others in the pension industry. The study was limited to the departmental heads and hence may not have been very conclusive since management of strategic change is not only at the top management. There are some senior, middle and line managers who are involved in the management of strategic change since they are the link between the top management and the employees on the lower level.

Interviewing the top management paused a logistical challenge especially in securing an appointment with was time consuming since mostly they were in meetings or outside the office and hence the interviews were rescheduled severally or harried up. Some of the questions asked in the interview guide were limited since the top managers felt it touched on the policy matters which they were not ready to comment on them.

5.6 Recommendation for further Studies

There is need to undertake similar studies in other organizations in the pension industry to enable NSSF to find out how they have overcome the challenges they face and in their approaches of managing strategic change. This will enable NSSF to have a comparison and not to repeat mistakes of other organizations but rather to improve on their successes.

Further there is need to carry out a similar study drawing respondents from all levels to ensure that the finding from the top management reflect the true position of the organization. Due to the ever changing dynamics in the pension industry and other sectors in general the study may be repeated after several years to for accuracy.



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APPENDIX I



UNIVERSITY OF NAIROBI
DEPARTMENT OF BUSINESS ADMINISTRATION
MBA PROJECT SUPERVISION ALLOCATION FORM

(11)
(2)

SECTION A: (To be completed by the student)

Name of student RHODA MULWA
Reg No. DEI/70549/2009 : Mobile Phone No. 0722764096 / 0737090
Proposed Title of the Study: Challenges of Change management at the National Social Security fund

Specialization (Tick as appropriate).

- Marketing []
- Human Resources Management []
- Strategic Management []
- International Business []
- Insurance/Risk Management []
- Other (specify).....

Preferred Supervisors (in order of Preference):

1. DR. Z.B. ANIND, 2. DR. M. Ogutu, 3. J. Kagwe

Signature of student SA Date 26.07.2010

SECTION B: (To be completed by Allocation Committee)

Name of Supervisor Allocated: J. Kagwe Mobile No.....

Name of Co-Supervisory, if any..... Mobile No.....

Total number of students allocated to the supervisor within the year to date.....

Name of Person who will Moderate the Proposal: Dr. Anind

Committee Secretary:

Name..... Signature..... Date.....

Thematic Coordinator:

Name J. Mach Signature J. Mach Date 9/8/2010

Chairman of Committee:

Name..... Signature..... Date.....

Chairman of Department:

Name Dr. Mung'ata Signature J. Kagwe Date 12/8/2010

Note:

This form is available in the department. Students get their copies from the department after allocation is done.

Original to be filed in the Department

Copy 1 (photocopy) to be filed by Thematic Coordinator

Copy 2 (photocopy) to be filed by Supervisor

Copy 3 (photocopy) to be filed by the student

CHAIRMAN
BUSINESS ADMINISTRATION DEPT.
UNIVERSITY OF NAIROBI
P. O. Box 30197, NAIROBI.

APPENDIX II

Rhoda J Mulwa,

P O Box 1120,

Eldoret.

12th October 2012.

The Managing Trustee,
National Social Security Fund,
P o Box 30599-00100,

NAIROBI.

THRU

The General Manager,
Research & Development,

Dear Sir,

RE: AUTHORITY TO COLLECT DATA

I am currently pursuing Master of Business Administration (Strategic Management option) at University of Nairobi. One of the requirements to be awarded the above Degree is to carry out a research project on an area of specialization. I have chosen to research on the Strategic Change Management at NSSF. I therefore wish to seek your permission to collect relevant data through interview method.

Attached is an introduction letter from the University of Nairobi for ease of reference.

Thanks in advance,

Yours faithfully

RHODA J MULWA

APPENDIX III- AUTHORITY LETTER

18th October 2012

Dear Madam,

RE: AUTHORITY TO COLLECT DATA

We are in receipt of your letter requesting to collect data for your research which is part of the requirements for the award of Degree of Master of Business Administration (Strategic Management option), University of Nairobi.

We are pleased to inform you that the Management of NSSF has given you authority to conduct oral interviews. However, NSSF request that on completion, a copy of your research report be availed for custody and future reference

We wish you good luck and assure you of our cooperation during the exercise.

Thanks in advance,

Yours faithfully

Joseph Kimote

FOR: MANAGING TRUSTEE

APPENDIX IV

Rhoda J Mulwa,
P O Box 1120,
Eldoret.
22nd October 2012.

Dear Respondent,

RE: INTERVIEW

I am currently pursuing Master of Business Administration (Strategic Management option) at University of Nairobi. One of the requirements to be awarded the above Degree is to carry out a research project on an area of specialization. I have chosen to research on the strategic Change Management at NSSF. You have been selected to be part of this study.

This is to request you to grant me an opportunity for interview. The information that you provide will be used exclusively for academic purposes and be treated with strict confidence. A copy of the final paper will be availed to you upon request.

Thanks in advance

Yours faithfully

RHODA J MULWA

APPENDIX: V

INTERVIEW GUIDE

PART A

Respondents Personal Information

Name	
Department	
Designation	
Level of Education	
Number of years in the organization	

PART B

Strategic Change

1. In your opinion was strategic change undertaken by NSSF proactive or reactive?

Explain

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PART C

Organizational Change

1. In your opinion was organizational change process adapted by NSSF created enabling environment for employees to transit to the new state to be realized?

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2. Do you think organizational change received support and participation from all cadres of employees in NSSF?

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PART D

Strategic Change management

1. In your opinion was strategic change management undertaken by NSSF evolved around the vision of the organization ?

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2. Do you think strategic change management employed by NSSF will result in higher performance and service delivery?

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PART E

Challenges of Change Management Practices

I. LEADERSHIP

1. Do Leadership challenges exist in change management? If so explain briefly.

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II. ORGANIZATIONAL STRUCTURE

2 In your opinion is the current organizational structure a challenge to change management?

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III. ORGANIZATIONAL CULTURE

3. The current organizational culture is a challenge to Change management? If yes in what way has this culture been a set back in change management

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IV. COMMUNICATION

4. Communication policy is a challenge to change management? If so what are these challenges?

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V. HUMAN RESOURCE AND REWARD SYSTEM

5. Does your organization experience challenges in Human resource in terms core competencies and capabilities which hinder smooth change management? If yes what are these challenges?

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VI. ORGANIZATIONAL POLICIES

6. In your opinion are there some Organizational policies that pose a challenge to change management? If yes which are these policies?

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VII. INFORMATION TECHNOLOGY AND SUPPORT SYSTEM

7. The current information technology and support system a challenge to change management?

A. No B. Yes. If yes what are these challenges?

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UNIVERSITY OF NAIROBI

SCHOOL OF BUSINESS

PROPOSAL CORRECTION FORM

Student Name.....Rhoda Muliwa.....

Registration Number.....DEI/70549/2009.....

Department.....

Specialization.....

Title of Project Proposal.....Management of Strategic
Change at National Social
Security Fund of Kenya.....

The student has done all the corrections as suggested during the Proposal Presentation and can now proceed to collect data.

Name of Supervisor.....J.N. Kigwa.....Signature.....
Date.....10/10/2012.....