

**STRATEGIC CHANGE MANAGEMENT IN CHILDFUND KENYA**

**BY**

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**DECLARATION**

I declare that this research project is my original work and has never been submitted to any other university for assessment or award of a degree.

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This project has been submitted with my authority as the University supervisor

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## **DEDICATION**

I dedicate this project to the members of my family for having inspired me to achieve my goals. May the Almighty God Bless you abundantly.

## **ACKNOWLEDGEMENTS**

I would like to extend my sincere appreciation to my supervisor Mr. Kibisu, for his guidance, support and dedication throughout the study. He was such an inspiration and I am greatly indebted to him.

Secondly, I am grateful to my friends who kept on urging me when the going was tough, my colleagues at work who readily accepted additional tasks whenever I had an appointment with my supervisor during office hours. I really appreciate your team efforts. I am also thankful to the executive management team at ChildFund Kenya who availed time for the interview despite their busy schedules. Above all, to the Almighty God for making it possible for me to complete the study by giving me strength, good health, resources and sound mind during the period.

## **ABSTRACT**

Organizational change management is normally eminent in all types of organizations irrespective of their form during their lifetime. The research objective was to determine the context, nature and practices of strategic change management that ChildFund Kenya has adopted over the last eight years and the challenges it has faced during the process. ChildFund Kenya is part of ChildFund Inc., an international child development Organization with its headquarter in Richmond, Virginia and having operations in more than 35 countries. ChildFund started working in Kenya in 1960 and the National Office in Westland Nairobi was established in 1973. This was a cases study since the unit of analysis was one organization. Both primary and secondary data collection methods were used. The researcher had a face to face interview with the country director, finance director and program director. Content analysis was employed to analyse the data. ChildFund Kenya has a strategic plan for years 2012-2016. All staff participate in the formulation of the strategic plan. Any strategic change done is communicated to all staff and they all participate and are involved in the process thus they own the process. Restraining factors that the organization has experienced during change are limited financial resources, resistance to change, community change fatigue and lack of human resource capacity, that is, some staff could not comprehend the purpose of the change. The study also established that to minimize challenges of change management that arose due to organization design, organization culture, resource limitation and staff resistance, the management defined the agency values and developed training modules that instilled a sense of collective commitment to agency values, staff were continuously educated and plan awareness workshops organized. The structure was also changed to accommodate the changes and communication of the changes made to staff at all levels. Benchmarking number of processes with peer organizations who had undertaken similar change processes is also done. Helping employees cope with change is one of the most critical success factors in change management. Although ChildFund Kenya conducts trainings and organizes workshops to make employees own the changes, one thing that did not come out clearly from the study is how the organization motivates staff to keep the newly acquired behaviour going including rewarding performance, encouragement and recognition.

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# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the study

Organizational change management is normally eminent in all types of organizations irrespective of their form during their lifetime. It can be argued that the successful management of change is crucial to any organization in order to survive and succeed in the present highly competitive and continuously evolving business environment. Asch (2002), say that firms face an increasing dynamic, complex and unpredictable environment, where technology, globalization, knowledge and rapidly changing competitive approaches affect overall performance.

The theoretical foundations in this research study are mainly three, that is the individual perspective, Group Dynamic school and Open System school. These three schools make up levels where change takes place. First at individual level, secondly at the group level and thirdly at the structural level. The framework for change analysis rests on the general view of the Open System theory which regards organizations as capable of continuous changing their structural form to respond to environments, resulting in a problem (Scott,2003). The Group Dynamic School originates with the classic work of Lewin (1951) and sees organizational change as a group rather than an individual process. The main rationale being that people in organizations tend to work in groups rather than as individuals. It is within the characteristics of groups that makes them behave or respond as they do to the forces that affect them (Burnes,2004). The results of neglecting employees and the role they play in the success of change processes is cited by managers reflecting on failed change programs, as one of the most significant reasons for failure as said by Callan (1993).

Just like in all organizations, ChildFund Kenya has changed strategically, from change of name (formerly known as Christian Children's Fund-CCF) to change in its programmatic approaches with its beneficiaries through the Community Based Organization with which it works. This formed the basis of carrying out the research on the Non Government Organization.

### **1.1.1 Strategy and Change**

Johnson and Scholes (2008) describe strategy as the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations. Strategy can also be seen as the matching of the resources and activities of an organization to the environment in which it operates according to Johnson and Scholes (2002). Organization strategy enables an organization to be unique in its own way compared to its competitors. And if well formulated, strategies ensure that an organization has an edge over its competitors in terms of cost, time, and quality on its services or products.

Change is typically a crucial component of strategy (Johnson and Schole.2008).Change management as defined by Johnson and Scholes (2002) is the deliberate and coordinated actions taken to transform an organization to overcome environmental changes in order to achieve its objectives. Balogun and Hailey (2008) say that change management is part of the generic managerial toolkit. They further say that the success rate for most of the change programmes launched within organizations is poor. Thus change management is becoming a highly sought after managerial competence. It is increasingly recognized that implementation skills are required through out the organization, not just within the senior management ranks.

According to Balogun and Hailey (2008), Change is defined in terms of two dimensions, the end result of change and the nature of change. The end result is about the extent of change desired. They further say that change can involve a transformation of the organization or realignment. Transformational change is change which cannot be handled within the existing paradigm and organizational routines; it entails a change in the taken-for granted assumptions and the way of doing things around here. It is a fundamental change within the organization requiring a shift in strategy, structures, systems, processes and culture.

Moran and Brightman (2001), defines change as a cyclical process. To implement change effectively, you need to be doing several things at the same time, always with an eye on balancing order and chaos. They further say that change management cycles go through the process of understanding the current situation, determining the desired state and developing a change plan, enlisting others and developing a critical mass and tracking and stabilizing results. It involves the process of coming up with a vision and planning how to achieve the vision. It involves the systematic planning for accomplishing change and what will be accomplished at each stage.

### **1.1.2 NGO's in Kenya**

NGOs Coordination Act 1990 defines a Non Government Organization as a private voluntary grouping of individuals or associations not operated for profit or other commercial purposes but which have organized themselves nationally or internationally for the benefit of the public at large and promotion of social welfare, development, charity or research in the areas inclusive of, but not restricted to health, agriculture, education, industry and supply of amenities and services.

Non Government Organizations are regulated by the NGO Co-ordination Board which was established by an Act of Parliament in 1990 and commenced its business on June 15, 1992. The main reason for the creation of the Board was to streamline the registration and Co-ordination of NGOs. The Board was formed as a result of the recognition of the important role NGOs were playing in the overall development of the country. By then, it had become apparent to the Government that, for better organization of NGO activities, a separate body, with full powers, to register and co-ordinate their activities was necessary. Prior to the establishment of the Board, NGOs were registered under different Government organs making it difficult to effectively co-ordinate their activities. Some were registered under the Society's Act, others were either registered under the ministries of Culture and Social Services or that of Foreign Affairs hence the need to bring registration under one authority. The Board's main task, from the very start has been to provide a one stop office for registration and co-ordination of NGOs in order to harmonize their activities with the overall Government policies and programmes.

According to sessional paper no.1 of 2006, NGOs operate by set of rules prescribed in the NGOs coordination Act 1990 and its attendant regulations of 1992. In addition, NGOs are regulated substantially through enforcement of the organizations founding documents. They are required to hold regularly meetings to discuss progress as well as annual general meetings to bring out renewal in their leadership as provided for in their constitution. ChildFund Kenya is not an exception when it comes to governance since it is registered under the NGO coordination Act 1990. The organization has a Board of Directors which consists of a chairman, secretary and six members. They meet quarterly to deliberate on strategic issues of the organization and have an annual general meeting on a yearly.

### **1.1.3 ChildFund Kenya**

ChildFund Kenya is part of ChildFund Inc., an international child development Organization with its headquarter in Richmond, Virginia and having operations in more than 35 countries. ChildFund started working in Kenya in 1960 and the National Office is in Westland Nairobi was established in 1973. The mission then was to promote growth and well being of children by empowering families and communities to utilize available resources and opportunities for sustained benefits. Over the years it has shifted from addressing disasters such as hunger and famine in the 1970s to increased parent participation, community-based approach and quality programming.

ChildFund Kenya improves the lives of over 1.2 million needy children through 51 Community Based Organisations in 24 counties across the country. ChildFund's integrated development model is made up of interventions in several sectors: Early Childhood Development, Child Protection Initiatives, Education, Health and Nutrition, Livelihood, Water and Environmental Conservation and Emergency Relief. All the sectors that ChildFund Kenya is involved in are funded either by sponsorship or through grants from donors. ChildFund Kenya has changed strategically, from change of name (formerly known as Christian Children's Fund-CCF) to change in its programmatic approaches with its beneficiaries through the Community Based Organization with which it works. This forms the basis of carrying out the research on the Non Government Organization.

## **1.2 Research Problem**

Strategic change is one that involves fundamental changes in the business of the 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. Peters (1994), defines strategic change management as alignment in policy systems, styles, values, staff and skills of an organization to realize a strategy. Strategic change management can also be defined as actions, processes and decisions that are executed by organization members to realize their strategic goals. Thus it enables organizations achieve efficiency, effectiveness and higher impact in their day to day operations.

Just like profit making organizations, Non Government Organizations transit from one state to another with focus of being different in terms of service delivery to its beneficiaries and maintaining relevance, effectiveness and efficiency in its day to day activities. This is caused by the dynamic environment in which the organizations operate. Changes in the political-Legal system such as the introduction of Public Benefit Organization Act 2013, stiff competition, customer awareness and technological advancement among others has forced the Non Government Organizations to change strategically in order to fit in and remain relevant in the sector.

A number of strategic change management studies have been done in Kenya. Sikasa (2004) carried out a study on customer perception of change management practices, Otiso (2008) studied strategic change management practices, Gekonge (1999) conducted a survey of strategic change management practices by Kenyan companies, Okeyo (2010) carried out a study of influence of corporate culture on management of strategic change in commercial banks in Kenya. Of the studies done, none seems to give a broader picture of the context and nature of strategic change management in Non Governmental Organizations and the challenges faced during the process thus creating the knowledge gap.

The purpose of the study was therefore to determine the context and nature of strategic change management undertaken by ChildFund Kenya over the years and to determine the strategic change management practices that have been adopted by the organization and the challenges faced during the process. The research questions were: What is the context, nature and practices of strategic change management that ChildFund Kenya has adopted over the last eight years? What challenges has the organization faced during the process?

### **1.3 Research Objective**

The research objective was to determine the context, nature and practices of strategic change management that ChildFund Kenya has adopted over the last eight years and the challenges it has faced during the process.

### **1.4 Value of the Study**

The study will help ChildFund Kenya and other stakeholders to understand the practices of change management that has worked for them. It will also help the organization know its preparedness to embrace change by identifying and coming up with solutions to challenges experienced during change management over the years.

The study will also be used by researchers and academicians as a basis upon which further research can be done on strategic change management in both private and public sectors. It can also be used as literature review in other related studies. It will also help the management of other Non Government Organizations and the Government to formulate appropriate policies in carrying out strategic change in the NGO sector thus enhancing their performance in service delivery that will eventually benefit the society at large in solving the societal and economic issues.

The study will also be beneficial to the donor community as it will help them understand the nature and practices of strategic change management in NGOs and how change processes are managed to effectively ensure proper utilization of resources.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

The chapter outlines the literature review on strategic management, context and nature of strategic change, approaches to strategic change management, and principles of change management and challenges likely to be faced when change is taking place in an organization.

### **2.2 Theoretical Foundations**

The theories that have been used as the foundation in this research study are mainly three, that is the individual perspective, Group Dynamic school and Open System school. These three schools make up levels where change takes place. First at individual level, secondly at the group level and thirdly at the structural level.

#### **2.2.1 Individual Perspective School**

Organizational change is most often driven by economic pressures, making the emotional elements frequently considered unimportant. However, the results of neglecting employees and the role they play in the success of change processes is cited by managers reflecting on failed change programs, as one of the most significant reasons for failure as said by Callan (1993). In order for change to occur in any type of organizational setting individuals must change. Individuals must think differently and do things differently. Individual implication therefore makes organizational change intrinsically personal.

#### **2.2.2 Group Dynamic School**

Also known as Three-Step model of change. The Group Dynamic School originates with the classic work of Lewin (1951) and sees organizational change as a group rather than an individual process. The main rationale being that people in organizations tend to work in groups rather than as individuals. It is within the characteristics of groups that makes them behave or respond as they do to the forces that affect them (Burnes, 2004). Lewin (1951) recognized that in order for people to be engaged in and committed to changing their behaviour, a special process was needed. It is within this that he developed the

Three-step model of change, that is, Unfreezing, moving and refreezing. Unfreezing involves making the organization ready for change by assembling resources, planning structures, training and collecting data. Moving involves implementation of the change and finally refreezing involves reinforcing the change by rewarding success and communicating achievements.

### **2.2.3 Open System School**

Within the Open System school, organizations are seen as a compilation of a number of interconnected sub-systems that work in coordination and becomes what Baum (2005) refer as a throughput model, obtaining resources from environment, processing them and distributing them back to the environment. The framework for change analysis rests on the general view of the Open System theory which regards organizations as capable of continuous changing their structural form to respond to environments, resulting in a problem (Scott,2003).

### **2.3 Concept of Strategic Management**

According to Wheelen and Hunger (2008), strategic management is that set of managerial decisions and actions that determine the long-run performance o a corporation. It includes environmental scanning both external and internal, strategy formulation, strategy implementation and evaluation and control. The study of strategic management therefore emphasizes the monitoring and evaluating of external opportunities and threats in light of corporations strengths and weaknesses.

Strategic management is a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives (Pearce and Robinson, (2001). Mockler (1993) defines strategic management as the decisions and actions involved in formulating enterprise wide strategies and in managing an enterprise's operations in a way that effectively carries these strategies out. Enterprise wide strategies are longer term objectives and plans formulated to enable an enterprise to effectively interact with the competitive environment.

Porter (1980) model of competitive analysis and his set of generic strategies and the concept of value chain dominated the area of strategic management. He introduced the model of five competitive forces in a company's environment that influence competition such as threat of new entrants, bargaining power of firms', suppliers and customers, threats of substitutes products and intensity of rivalry among competing firms. Hussy (1998) says that a historical perspective in strategic management explains some of the conflicting views of strategic management and shows how the subject has developed as organizations tried to find better ways of developing strategies for the future and how environmental changes led to concepts of strategy mainly being sought.

#### **2.4 Strategic Change Management**

The environment in which organization operates is complex and ever changing and it will continue to change rapidly, radically and unpredictably (Porter, 2005). Large organizations have the additional challenge of dealing with multiple transitions that sometimes lead to incomplete transitions, uncertain future states and transitions that take long periods to be implemented as the dynamics of managing change over this period of time are different from those of managing a quick change with a discrete beginning and end (Weick, 2000). According to Pascale (1990), relentless change requires that businesses continuously reinvent themselves. His famous maxim is 'nothing fails like success' by which he means that what was strength yesterday becomes the root of weakness today. Organizations tend to depend on what worked yesterday and refuse to let go of what worked so well in the past. Prevailing strategies become self confirming. To avoid this, organizations must encourage a creative process of self renewal based on constructive conflict.

Drucker (1969), coined the phrase 'age of discontinuity' to describe the way change disrupts lives. Age of continuity attempts to predict the future by extrapolating from the past can be accurate. But Drucker (1969) says we are now in an age of discontinuity and extrapolating is ineffective. He identifies four sources of discontinuity, new technology, globalization, cultural pluralism and knowledge capital.

The context factor refers to the organization external and internal environments such as a change in political environment or the institutionalization of a public organization (Philippidou, 2008). According to Higgs (2005) the nature of change is considered from different perspective and tend to explore combinations of the scale of the change and its relative impact on core organizational paradigms (Burnes, 2004).

Cavanagh (2001) says that a company operating in a turbulent environment should have a compass rather than a detailed road map, for a road map with detailed instructions is of little use when the topography is unknown and fast changing. A compass will point to the right direction and management team with ingenuity and teamwork can overcome unforeseen obstacles and unanticipated opportunities that open the way to the destination. According to Ansoff (2000), Organizations are environment dependent. They do not operate in a vacuum. Porters (2005), they obtain their inputs from the environment and after transformation they discharge their outputs into the same environment. The forces that operate to bring about change are many and varied. Some forces are gentle while others are strong and can cause devastation to structures and operations to structures and operations in an organization. The nature of forces necessitating change in organizations are environmental turbulence which are caused by unpredictable surprises, partially predictable opportunities, predictable threats and opportunities which are detected after carrying out SWOT analysis as explained by Piercy (1989).

According to Walsh (2005), another force of change is any change in the PESTEL. Most of the forces of change can be traced to some fundamental forces of change such as technical obsolescence and technical improvement, globalization of the market, political and social events, neo-protectionalism, increase in organizations size, complexity and specialization, strategic awareness and skills of managers and employees. Technical obsolescence and technical improvements stems from competitors or availability of new technology. Any new technology introduced in the market or any if an organization had a research and development and came up with any model replacing the existing model being used for its competitive advantage, then it will force it to change for it to have an edge over its competitors.

When an organization increases in its size, it requires new organization structures and skills for cooperation and coordination. Greater strategic awareness and skills of managers and employees require changes in the scope of their jobs and call for strategic development and growth of the company. World trade has been fairly liberalized, competitive power of the corporation is no longer in the monopolistic status, and competition has eroded the abilities of corporation, global competition as opposed to localized competition and finally the free flow of goods pose challenges and change in the way of doing things in organizations is inevitable.

Lewin (1951) came up with force-field analysis. This is a general purpose diagnostic and problem solving technique that proposed that changes result from the impact of a set of driving forces upon restraining forces. In any situation, there are forces that push (drive) for change as well as forces (restraining) that hinder change. If the forces offset one another completely, then there is equilibrium and status quo. Driving forces may either be internal or external. This may be to increase sales, improve profitability, and improve production efficiencies or to generate new forms of competitive advantage. The restraining forces may be the existing strategies and existing staff who are loyal to status quo. Increasing the driving forces in order to attain change may result in instability of the system and may lead to negative consequences.

## **2.5 Approaches to Strategic Change Management**

An approach to change management is influenced by changing paradigms in the field of management of organizations. The models of change process tend to share three basic stages (Kanter,1992).The first stage involves questioning the organizations current state and dislodging accepted patterns of behaviour.The second stage is a state of flux where new approaches are developed to replace suspended old activities. The final stage consists of institutionalizing the new behaviours and activities. According to Lewin (1951), these three stages are clearly visible in many classic conceptualizations of change, unfreezing-movement-refreezing framework. Change management can either be planned or emergent.

An emergent change is viewed as a continuous open ended and unpredictable process of aligning and realigning the organization to its changing environment. It recognizes the need for organizations to align their internal practices to the external conditions. Under this approach, change cannot be characterized as a rational series of decision making activities and events. Change is not a series of linear events within a given period but rather a continuous process. It emphasizes on bottom up approach. Grundy (1993) defined emergent change as change which is marked by rapid shifts in strategy, structure or culture or in all three. This sort of rapid change can be triggered by major internal problems or by considerable external shocks (Senior,2002).According to Luecke (2002),it is a one time events that take place through large, widely, separated initiatives which are followed up by long periods of consolidation and stillness and describes it as a single, abrupt shift from the past. The advocates of this approach argue that this approach is cost effective as it does not promote a never ending process of costly change initiations and that it treats less turmoil caused by planned change (Guimaraes, 1998).

Nelson (2003), states that change cannot be relied upon to occur at a steady state, rather there are periods of incremental change sandwiched between more violent periods of change which have contributed to illusion of stability once assumed to be the case. Although the discontinuous approach to change is still employed in recent change initiatives (Duncan, 2001), there seems to be a consensus among contemporary authors that benefits from discontinuous change do not last long (Bond,1999) (Love,1998).According to Luecke (2003),this approach allows defensive behaviour complacency, inward focus and routines which again creates situations where major reform is frequently required.

Planned change view organizations as a process of moving from one fixed state to another through a series of preplanned steps (Garvin, 1998). It emphasizes on top down approach and distinguishes change that is conscious as opposed to change that was brought about by accidents or impulses.Burnes (2004) explains that planned change involves common sense, hardwork which is applied diligently overtime, a systematic goal; oriented approach, and valid applied knowledge about organizational dynamics and

how to change them. It places high value on democratization of organizations through power equalization through five main approaches, empowering employees to act, creating openness in communications, facilitating ownership of the change process and its outcomes, promotion of culture of collaboration and promotion of continuous learning.

Given the dynamic work environment that exists in most organization, understanding planned change and its components for success is a necessary skill for managers involved in implementing short and long term strategic objectives. Bossidy (2003), suggests that the value placed on knowing how to manage is increasing. Leadership, effective communication and teamwork are among the most important elements for planned change (Hewison, 2003). The role of leaders is multifaceted. Schifalacqua, (2009a) states that an impassioned champion is essential in all change models because they provide inspiration, visions and support to everyone involved. Further, Murphy (2006) suggests that leaders should be seen as team players with the same goals as the rest of their team, rather than as stereotypical organizational leaders.

## **2.6 Principles of Change Management**

Kotter (1996), major change efforts have helped some organizations adapt significantly to shifting conditions, have improved the competitive standing of others and have positioned a few for a far better future. But in too many situations the improvements have been disappointing and the change has been appalling with wasted resources and burned out scared or frustrated employees. To some degree, the downside of change is inevitable. Whenever human communities are forced to shifting conditions, pain is ever present. For change to be effective, two critical aspects must be looked into by the organizations management, the business dimensional and the people dimension.

The business change elements that the management must consider the following five elements, the need for change, that is, why the change is necessary. The change strategy, that is, the scope and objectives of the change. The Business processes change, systems and structures, this will show the levels of the change.

Implementation, which shows who will be involved and what they will be doing. Last but not least, post implementation process, which indicates how the change will be evaluated. The area of concern in business dimension are scale of the change, that is, what aspects of the organization is affected, Magnitude, Duration, and lastly the strategic importance of the change, that is, how much it will be a departure from the current practice.

The people dimension of change involves the alignment of the organizations culture, values, people and behaviours to encourage the desired results. The people dimension is how employees' experience the change process. Helping employees cope with change is one of the most critical success factors in change management. This can be done by involving the employees of all levels in the organization in the change management process, ensuring that all own the process, communicating at all times with the employees and diagnosing of cultural readiness to embrace the change.

According to Strebels (1996), change is intensely personal. For change to occur in any organization, each individual must think, feel, or do something different. Even in large organization, which depends on thousands of employees understanding company strategies well enough to translate them into appropriate actions, leaders must win their followers one by one. To close the gap, managers at all levels must learn to see things differently. They must put themselves in their employees' shoes to understand how change looks from that perspective and to examine the terms of the personal compacts between employees and the company. Kotter (1996) emphasizes that leadership is an important driver of change in the literature on change. Charles (2003), states that effective leadership is the key to leading effective change. According to Gabris (2001), leadership needs to be credible. Kavanagh, (2006) concludes that leaders needs to be competent and trained in the process of transforming organizations. Senge (1990) came up with the notion of learning organization.

The theory is that gathering and analyzing information is a necessary requirement for business success in the information age. Senge (1990), goes further to say that an organization would need to be structured such that people can continuously expand their capacity to learn to be productive, new patterns of thinking are nurtured, collective aspirations are encouraged, people are encourage to see the whole picture together.

According to Hiatt (2006), effective management of people dimension of change requires managing five key elements. He came up with ADKAR model. ADKAR encapsulates both the business process dimension of change and the people dimension of change. ADKAR stands for Awareness, Desire, Knowledge, Ability and Reinforcement. Employees should be made aware of the need of change and the management should come up with ways of making the employees aware. Once aware, the employees will have a desire to participate and support the change since they would have known how the change will affect them. Employees will need to acquire the relevant knowledge for them to sail through the change once they know what's in it for them. Ability will ensure employees are enabled to act and behave as expected in the new situation. Finally, the organization needs to reinforce the employees to keep the change in place. Thus the staff will need to be motivated to keep the newly acquired behaviour going including rewarding performance, encouragement and recognition. The four principles of change management can be summarized as urgency, vision, empowerment and execution.

## **2.7 Challenges of Change Management**

The main challenge of change management in organizations is normally resistance to change. Resistance to change can either be systematic or behavioural. Systematic resistance which is defined as the passive incompetence of the organization, that is when the organization lacks capacity to undertake strategy development is caused by factors such as organization design, organization culture, resource limitations and inter-organizational agreements.

Behavioural resistance is caused by individuals such as managers in other department and employees in the organization. It can either be collective resistance, that is, managers who share common tasks or coalitions and power centres within the organization. According to Carnall (2007), Some argue that people are inherently resistant to change, whether for personal or institutional reasons, strategic change can beset by opposition from key stakeholders whether key professionals, other vested interests, unions and the like. Carnall (2007) goes further and says that whereas this is referred to 'resistance to change', it is really 'resistance to uncertainty'. Thus the resistance derives from the process of handling and managing change not from the change as such. Ansoff (1988) says that resistance to change is a multifaceted phenomenon, which introduces unanticipated delays, costs and instabilities into the process of strategic change. Low employee commitment could therefore obstruct acceptance of an implementation process's range of intangible and therefore difficult to measure factors such as understanding, ownership and involvement are also important in obtaining commitment.

Kotter (1996), one of the reasons change processes fail is because companies underestimate the importance of individuals involved in the change and their interactions. Carnall (2007), if people understand what is to be achieved, why, how and by whom, this can help. If they can understand the impact on themselves, and more information provided to those who do seek to obstruct change because their interest are threatened may help them in their obstruction. He further says that, that is a matter of stakeholders handling, timing and tactics.

## **2.8 Performance of NGO's**

NGO performance represents the outcome of NGO's activities. NGO literature reveals emphasis on effectiveness as a key measure of NGO performance (Lecy, 2009). Benjamin (2006) views organizational effectiveness as the extent to which the NGO accomplishes its mission and meets its objectives and goals.

According to Lecy (2009), goal attainment, systems resources, reputation and multi dimensional measurement are approaches of NGO performance. Organization performance is measured by NGO's ability to influence and utilize its environment to gain scarce and valuable resources (financial) to achieve goals (Ritchie, 2003). The approach was critiqued for its focus on objective financial variables such as expenditure and revenue to measure performance. Multidimensional models of NGO performance were put forward to address the limitations of previous approaches according to Kendal (2000), some including different organizational levels and unit analysis (Sowa, 2004) and incorporating aspects of goal attainment, system resources and reputational dimensions (Lecy, 2009).

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter mainly looks at the approaches and methods that were used in collection, analysis and interpretation of data. Its content includes the research design, data collection procedure, instrumentation and finally data analysis.

### **3.2 Research Design**

This was a cases study since the unit of analysis was one organization. It was aimed at getting detailed information regarding strategic change management in ChildFund Kenya. According to Yin (1994), a case study allows an investigation to retain the holistic and meaningful characteristics of real life events. Kothari (2004), noted that a case study involves a careful and complete observation of social events.

It is a method of study in depth rather than breadth and places more emphasis on full analysis of a limited number of events or conditions and their interrelations. Primarily, data collected from such a study is more reliable and upto date.

### **3.3 Data Collection Procedure**

The data comprised both primary and secondary data collection methods. In primary data collection, depth face to face interviews with top management in the organization was done. The interviewees of this study were the, Finance director, Sponsor relations director, Program director and the Country director .

This was appropriate because they form part of decision making body in the organization. Secondary data was collected by use of desk search techniques from relevant publication journals, periodicals and information obtained from the internet.

### **3.4 Data Analysis**

Before processing the responses, the raw data was edited for completeness and consistency. Content analysis was employed. It is defined as a technique of making inferences by systematically and objectively identifying specific characteristics of messages and using the same to relate to trends. It provides the researcher with a qualitative picture of the respondent's concerns, ideas, attitudes and feelings.

## **CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION**

### **4.1 Introduction**

This chapter presents the data analysis, findings and interpretation of the study. The data was collected from ChildFund Kenya.

### **4.2 Response Profile**

This section sought to find out the interviewees profile. The interviewees were the Country director and the two functional directors namely Finance and Programs. The interview took place within a period of one month. It was not possible to get all the interviewees on the same day the researcher had scheduled the interviews. The response rate was 75%. One of the directors had not confirmed the interview at the time of analyzing the data. All the interviewees have worked for the organization for a period not less than five years. The first interviewee has worked for the organization for a period of eighteen years, the second ten years and the last one five and a half years.

### **4.3 Organizational Strategy**

The interview in this section sought to find out if the organization has a strategic plan in place and the process that it undertakes for it to have a final operational document.

All the interviewees unanimously agreed that the organization has a strategic plan in place. The current strategic plan runs from 2012 to 2016. ChildFund has six strategic objectives that endeavors to design and implement holistic interventions that will have great impact on the wellbeing of children and youth.

The first strategic objective is aimed at strengthening each community's capacity in prevention and management of childhood illness by year 2016. The second one is to increase access to quality care and a learning environment for children aged 0-5 by 2016. The third is to increase access to HIV/AIDS prevention interventions and promote care and support for people infected and affected by HIV/AIDS. The fourth is to increase access to integrated life skills services for the youth by year 2016. The fifth is to build

local organizations and networks that will drive sustainable and responsive child and youth development programs by 2016. The sixth and final one is to streamline sponsorship processes, to enhance quality relationships between sponsored children, their families and sponsors by the end of 2016. The interviewees said that the organization reviews its strategic plan twice, that is, mid term review and end term review.

Formulation of ChildFund Kenya organization strategy is done at all levels according to the interviewees, although the level of participation in the process differs. Idea generation and development is done at the lower level. Interdepartmental task force is set to lead the process. Through ChildFund staff, the local partners with which the organization works is included at this stage. The staff at higher level takes part in fine tuning and thus finalization of the strategy before it is share with the all staff of the organization.

Although one of the interviewees said that communication of strategic plan is done to staff after the official launch, one of the interviewees said that communication is a weak point, that is, there was no official launch that was done after the strategic plan was finalized. However, they unanimously agreed that such communications are done in meetings, when staff trainings are taking place, electronically by their international office to National offices and in other discussion forums.

The researcher sought to find out from the interviewees the tools that ChildFund Kenya uses in developing its strategy. The interviewees said that the organization uses different tools such as, the global agency strategy which is a document that provides the global strategic direction, country development plan being a document that gives the strategy a national context, in country studies on children and poverty documents which provides thematic depth for example baseline survey reports, stakeholders reviews and participation an approach which gives the strategy involvement of primary and secondary context players. Stakeholder's reviews are mostly done through focus group discussions and evaluation reports.

ChildFund Kenya uses various key performance indicators to measure performance as per the interviewees. Through staff annual performance planning and evaluation, staffs are required to come up with key results areas on an annual basis. The key result areas are aligned to organizations annual operating plans which are also aligned to the global strategy of the organization. Staff evaluations are done twice in a year, that is, semi annually and annually to measure staff performance against set goals. The organization also prepares its operating plan annually same with budgets so as to meet its strategic goals. It performs mid term and final evaluations for projects that it undertakes through monitoring evaluation. They also carry out annual compliance audits, bi-annual national office comprehensive reviews which are done by their international office, annual regional review meetings to evaluate progress against objectives and targets and finally, through monthly departmental reviews and quarterly target reviews both in narrative and financial forms.

When the interviewees were asked to rate the level of understanding of the objective of the company's current strategic plans by employees at various levels of the organization, one of them said that it is well understood by key operating staff and moderately understood by low level staff. The other two interviewees however agreed that all staff at all levels understands that what they do contribute to the overall objectives otherwise they remain task based. One further went to explain that local partners annual operating plans are facilitated by ChildFund Kenya thus they are aligned to the National office strategy.

#### **4.4 Context, Nature and Approaches of Strategic Change Management.**

The Researcher sought to find out from the interviewees some of the strategic changes that has taken place in the organization that has enabled it remain strategic fit in the NGO world in this section, the nature of the changes and the approaches used to implement the changes.

The interviewees mentioned that changing the name (rebranding) of the organization from Christian Children Fund to ChildFund International thus ChildFund Kenya, made it more visible in the NGO sector since some people had a perception that it was a Christian organization and thus thought that it only helped Christian children yet this was not the case. Some sponsors who were not Christians could not donate to the organization because of the name. However, the name change also made it lose some sponsors who were donating because of the name 'Christian'.

Change in their programmatic approach to respond to changing development trends. The major change took place in 2005. The organization changed from being relief focused to development focused, that is, it encourages its local partners to undertake sustainable projects which will make them generate income as opposed to projects that are not sustainable thus over time it has reduced dependency level of the community. It has also resorted to empowering the communities through capacity building thus not only works with the sponsored children but all children within a community. This means that it undertakes project which will be beneficial to the whole community such as building of classrooms, digging of wells among other things.

In order to remain focused, ChildFund Kenya developed its internal guidelines, policies and procedures which enabled it streamline its activities. The policies and procedures are localized and are thus relevant to the country office. It also defined the partnership with its local partners' country wide. This necessitated the change in structure which could support the local partners to remain effective in their operations. The organization also brought on board the advisory committee on board around two years ago. This was not only to comply with the Ngo coordination Act but it was an internal arrangement to have eminent people to guide the organization given that most of the board members are senior people in the Kenyan government.

Networking with other like minded agencies. ChildFund Kenya has changed the way it works by partnering globally with other strategic partners such as World Food Programme and Pathfinder International among others. Formation of a global alliance family, that is, with other ChildFund alliances around the global has enabled the organization new opportunities for growth. The decision to grow the grant portfolio within the agency has enabled it diversify its sources of funding which was only sponsorship initially.

According to the interviewees the changes were systematically and progressively planned for by the organization. Although one of the interviewee felt that the creation of area offices at the local partners' level by ChildFund Kenya was not planned but emergent. The offices were created due to reactive approach that the organization took to strengthen the capacity of the local partners so as to be effective in their operations.

The changes in the organization were necessitated by the fact that the organization wanted to remain relevant to stakeholders and due to changing market demands according to the interviewees. An example given is the change in programmatic approach whereby the previous approach lacked empowerment skills thus the change enabled the community to come up with projects that are sustainable in nature.

When asked what personally motivated them during the change process, one interviewee decided not to answer that question. One interviewee said that the participation and involvement of all staff and the second one said the excitement of exploring new approaches and ideas and the opportunity to grow career wise.

The restraining factors during the change process in ChildFund Kenya mentioned by the interviewees were limited financial resources, resistance to change, community change fatigue and lack of human resource capacity, that is, some staff could not comprehend the purpose of the change, the timing of the changes affected involvement of staff as it was quite difficult to find all staff available at the same time under one roof for training sessions.

The positive achievements that the strategic change has brought to the organization are many as per the interviewees. Streamlining of the organizations policies and procedures and ways of doing business has enabled the organization improve its work processes. By deciding to grow its grant portfolio, the organization has been able to diversify its sources of funding thus not relying only on one source of funds which was sponsorship. Thus this has enabled it to reach out to a bigger number of the community they are working with and to do bigger projects such building the early childhood classrooms which they never use to do initially.

The new organization structure which was put in place when ChildFund Kenya changed its programmatic approach from relief to development is responsive to the market thus this has enabled the organization to remain relevant in the sector. More local partners are carrying out activities which are sustainable as per the community needs and which will bring lasting change to them. It has also enable ChildFund Kenya to monitor closely how the local partners are using funds raised from donors thus making them more accountable than before. Increased support to participating communities due to skill empowerment which has also been taking place since the change in its programmatic approach took place.

The interviewees continued to say that ChildFund Kenya has been experiencing new opportunities for growth through strategic alliances. More organizations from ChildFund alliance such as Newzealand, Australia, Germany and Korea has resorted to funding some of their projects in Kenya directly through the organization. Rebranding also increased the organizations profile thus the organization is well recognized as a key player in child development issues. Rebranding also increased donor acceptance and donor support although one of the interviewees mentioned that the organization has not yet reached at the level it thought it would have reached after rebranding but the graph is increasing at a steady rate. The advisory board members that were brought on board by ChildFund Kenya helps the organization in networking with the government departments since most of them work with the government.

#### **4.6 Challenges of Change Management**

This section sought to find out from the interviewees how the challenges of change management that arose due to organizational design, organization culture, resource limitations and staff resistance were minimized by ChildFund Kenya.

According to the interviewees, ChildFund Kenya came up with a new organization structure which was clearly defining the reporting structure within the organization. This also helped the staff employed to capacity build at the local partner level know their direct reports. It clearly shows how the local partners with which it works at the field level relate to the organization. To minimize challenges arising from organization culture, the interviewees said that ChildFund Kenya defined the agency values and developed training modules that instilled a sense of collective commitment to agency values and steadily mirrored organizational operational practice to agency values. This made the staff own the processes and accept the changes to be part of their daily lives.

To minimize the challenge of resource limitation, the interviewees said that the organization outsourced particular expertise such as carrying out of baseline survey at the community levels to handle the resource gap. The organization went community wide and encouraged community participation in carrying out some activities aimed at achieving the organizations objectives. An example given was parents trained to be in charge of water committees such that they charge minimal fees whenever the community draws water and use the fees received for repairing the water pump when it breaks instead of going back to ChildFund to ask for help. The organization also phased some processes to manage the resource limitation to minimize staff resistant, the interviewees said that the organization continuously educate staff and plan awareness workshops. This ensures that there is enough involvement and staff participation. Communication of the said change is also done at all levels. Thus the methods used are instrumental in allaying staff fears and resistance to change. The interviewees also went further to explain that the organization benchmarked a number of processes with the peer organizations who had undertaken similar change processes. This approach helped to fine tune some planning

lapses. The organization also piloted a number of scenarios before authorizing the strategies for implementation.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter presents the summary of findings on strategic change management in ChildFund Kenya. The chapter also presents the conclusions made by the researcher upon carefully reviewing the findings, the recommendations made based on the findings of the study as well as suggestions for further research.

### **5.2 Summary**

From the study, it was established that ChildFund Kenya has a strategic plan in place. The current strategy runs from year 2012-2016. The formulation of the organizations strategy is done at all levels with idea generation and development done at lower level including at the community level. The staff at higher level takes part in fine tuning and finalization of the strategy. Communication of strategic plan is done to staff during meetings, trainings and electronically via emails.

The study further revealed that ChildFund Kenya uses various tools in its strategy development. Global agency strategy document, country development plan document, in country studies such as baseline surveys and stakeholder's focus group discussion reports and Key performance indicators that are used by the organization to measure its performance against the set goals were established to be annual operating plans, monitoring and evaluation tools, annual compliance audits, annual external audits, bi-annual national office comprehensive reviews and staff annual performance planning and evaluation. It was established that several strategic changes has taken place in the organization. Rebranding (name change) of the organization from Christian Childrens' Fund to ChildFund Kenya, Change in programmatic approach from relief to development organization, networking with like minded agencies, formation of global alliance, the decision to grow the grant portfolio thus diversifying its sources of funding. All the changes were systematically and progressively planned apart from the creation of area offices at the local partners level which happened to be emergent.

It was further established from the study that changes in the organization were necessitated by the fact that the organization wanted to remain relevant to stakeholders and to align itself to changing market demands. What motivated the senior management team about the change was the participation and involvement of all staff, excitement of exploring new ideas and approaches and the opportunity to grow career wise.

The restraining factors during the change process were established to be limited financial resources, resistance to change, community change fatigue and lack of human resource capacity. The positive achievements that have come with the changes were improved work processes, increased donor acceptance and donor support, new organization structures that is responsive to market trends, new opportunities for growth through strategic alliances, increase or visibility of the organization in child development organizations and networking with government departments.

The study also established that to minimize challenges of change management that arose due to organization design, organization culture, resource limitation and staff resistance, the management defined the agency values and developed training modules that instilled a sense of collective commitment to agency values, staff were continuously educated and plan awareness workshops organized. The structure was also changed to accommodate the changes and communication of the changes made to staff at all levels.

To overcome strategic change management challenges, another method that was used by the management is benchmarking number of processes with peer organizations who had undertaken similar change processes to help to fine tune some planning lapses. It also piloted a number of scenarios before authorizing the strategies for implementation.

### **5.3 Conclusion**

From the research findings, a well defined strategic plan is important in an organization. The strategic plan should clearly define the strategic objectives. Any change in the organization should be aimed at achieving the main objective just as in the case of ChildFund Kenya.

Organizational change is eminent in all types of organizations irrespective of their form during their lifetime. Over the last eight years, as per the study, ChildFund Kenya has gone through many changes to remain relevant in the NGO sector. This study has clearly shown that for a successful strategic change to take place, all employees at all levels must participate. Communication is key in minimizing some of the challenges that come up during change process. Employees must be involved at every stage of the change process, this will not only reduce the level of resistant to change but it will also make them own the process and thus readily accept it.

Just as organizations must find ways for operating by developing new competencies as the old advantages and competencies gained is quickly eroded owing to environmental changes, ChildFund Kenya ensured that it developed training modules so as to instill a sense of collective commitment to agency values and steadily mirrored organizational practice. Post implementation process in strategic change is important. ChildFund Kenya has various tools in place that it uses in measuring performance against standards. Its through constant monitoring and evaluation that an organization can know whether the change has been successful or not.

### **5.4 Recommendations**

Helping employees cope with change is one of the most critical success factors in change management. Although ChildFund Kenya conducts trainings and organizes workshops to make employees own the changes, one thing that did not come out clearly from the study is how the organization motivates staff to keep the newly acquired behaviour going including rewarding performance, encouragement and recognition. This should have come out in other methods that the organization puts in place to overcome strategic

change management challenges. Since most of the changes that take place in ChildFund are planned for, the organization should also come up with ways to ensure continuous learning among its employees. This will go a long way in ensuring that the employees come up with better ways to manage the changes taking place in the organization.

### **5.5 Limitations of the Study**

The study being a case study makes it difficult to generalize the findings to all Non Government Organizations in Kenya. Being directors of various departments in the organization, getting them for interview was not easy as they were in meetings most of the time or in the field. Time was also a limited resource.

### **5.6 Suggestions for Further Research**

Further research should be carried out on post implementation of strategic change management on Non Government Organizations in Kenya. The findings of the study will help know how best Non Government Organizations monitor and evaluates strategic change after implementation or whether implementation is an end to it self.

### **5.7 Implication on Policy Theory and Practice**

The findings of the study confirms the research work done on strategic change management by scholars like Johnson and Scholes (1993), Pearce and Robinson (2003) and Higgs (2005). It confirms that organizations must find ways for operating by developing new competencies as the old advantages and competences gained is quickly eroded owing to environmental changes. It also confirms the research work done on challenges of change management by Carnall (2007), Kotter (1996)) and Ansoff (1988), that people are inherently resistant to change whether for personal or institutional reasons but if managed well, employees understand, are involved and owns the process thus making it a success.

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## **Appendix i: Interview Guide**

This questionnaire seeks information on strategic change management in Non Government Organization a case study ChildFund Kenya. The information you provide will be used for academic purpose only. Kindly answer all questions in the space provided.

### **Section A: General information**

- 1. Name (optional) .....
- 2. Department .....
- 3. Position .....
- 4. How long have you worked in the organization?

### **Section B: Organizational Strategy**

- 5. Does ChildFund Kenya organization have a long term strategic plan?
- 6. After often does the organization review its strategic plan
- 7. Which staff level take part in the formulation of the organization strategy
- 8. How is the organizational strategic plan communicated to staff.
- 9) Please explain some of the tools that the organization uses in developing its strategy  
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10. Please indicate some of the key performance indicators that the organization uses to measure its performance against the set goals.

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11. How would you rate the level of understanding of the objective of the company's current strategic plan by employees at various levels of the organization.

**Section C: Context, Nature and approaches of strategic change management.**

12. What are some of the strategic changes that has taken place in the organization in the last eight years that has enabled it remain strategically fit in the NGO world.

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13. Kindly explain if the changes were planned for by the organization or they were emergent.

14. What necessitated the organization to undertake the change process.

15. Personally, what motivated you most during the change process.

16. What were the restraining factors during the change process

17. What are some of the positive achievements that the strategic change has brought to the organization?

**Section D: Challenges of Change management**

18. Please explain how the management of the organization tried to minimize challenges of change management that arose due to the following factors:

a) Organizational design

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b) Organization culture

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c) Resource limitation

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d) Behavioural (staff) resistant

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.....  
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18. Which other methods did the management in the organization put in place to overcome strategic management changes challenges.

**Thank you for your time and information provided.**

## **Appendix ii: ChildFund Kenya organogram**