

**STRATEGIC CHANGE MANAGEMENT PRACTICES AND PERFORMANCE
OF STAFF AT NATIONAL HOSPITAL INSURANCE FUND, KENYA**

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DECLARATION

This research project is my original work and has never been submitted for award of Degree or any other award, at any university prior to this declaration.

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This Research Project has been submitted for examination with my approval as the University supervisor.

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DEDICATION

This project is dedicated to my entire family for their support and motivation throughout the period of study. May God bless you.

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ABSTRACT

Strategic change management has become a worldwide and a compulsory practice. This is because it enables organizations to be responsive to environmental needs and changes that affect their operations. Successful organizations recognize the importance of strategy as a tool in management and realize that their survival is dependent on how well they adopt new strategies or enhance existing strategies in an attempt to respond to changes brought about by the turbulent environment. The world today is going through massive change and this is indicated by organizations redesigning, restructuring, merging and downsizing. As a result of these changes, strategic change management has become increasingly of interest to the management of organizations. The National Hospital Insurance Fund (NHIF) is the oldest government insurance scheme in Africa and in Kenya. NHIF was set up in 1966 under Cap 255 of the Laws of Kenya as a department under the Ministry of Health. Its establishment was based on the recommendation of Session Paper no. 10 of 1965: African Socialism and its Application to Planning in Kenya. The original act was revised and currently, the Fund derives its mandate from the NHIF Act no. 9 of 1998. As the primary provider of health insurance in Kenya its mandate is to provide access to quality and affordable health care for all Kenyans. NHIF membership is compulsory for all salaried employees but optional to those who are not employed. Having existed for long, the organization has been undergoing and implementing some strategic changes. This study sought to determine the strategic change management practices adopted by NHIF and how the changes affected staff performance. The study applied case study research design where only one organization was involved. The study used both primary and secondary data. Primary data was collected through face to face interviews using interview guide with top and middle level

management from various departments at NHIF. Secondary data was collected through review of the contents of various relevant publications and reports at National Hospital Insurance Fund including the Strategic Plan, strategic review and other relevant materials. Collected data was analyzed using content analysis and presented in prose format. The study established that some of the strategic change management practices adopted by NHIF included: changes in the top management like appointments of new CEO and board of Governors, introduction and upgrade of technology, change in policies and rules and organization restructuring. NHIF used several communication modes to pass the message of change across all stakeholders. The change management program had several objectives to operate more effectively and efficiently, to offer quality services and to deliver on its Vision and Mission. The various strategic change management practices adopted had more positive than negative impact on staff performance thus was necessary to be implemented. The organization faced challenges during the change management process which include resistances to change due to lack of clear understanding of need for change. However these challenges were dealt with through trainings and proper communication on the need for change. The study concluded that strategic change management practices adopted by NHIF were indeed important and necessary for the progress and quality service delivery by the organization. Finally the study recommend that the organization should strive and invest more on staff training to be able to acquire the necessary skills to implement, sustain and manage the change program.

CHAPTER: ONE INTRODUCTION

1.1 Background of the study

Organizations progressively interact with the environment in which they operate. For them to endure they have to adapt to changes in the environment. Change affects the mode organization operates and for them to succeed, they must be aligned to the ever constantly changing environment (Johnson, Scholes&Whittington, 2008). Thompson (1997) argues that strategic change arises out of the need for organization to exploit existing or emerging opportunities and deal with threats in the market. Most organizations are frequently faced with challenges that force them to adjust or change (Burnes, 2004). Government organizations, in particular, regularly have to go through change processes when having to respond to new development scenarios, changing priorities or simply as part of their expansion or restructuring processes.

According to Baloun, (2004) change does not occur in a vacuum, but should be part of the strategic management process of an organization. The pressures on organizations are greater today than ever. Increasing global competition, oppressive macroeconomic conditions, greater economic integration, advances in ICT and informed customers mean organizations must deliver higher levels of quality and service at competitive prices. Employees can only deliver efficiently when they learn to appreciate the ever present challenges while coping with the increasingly competitive environment which calls on firms to rethink their strategies (Pearce and Robinson, 2005). Public organizations seem can only retain legitimacy by changing the way that it is managed to reflect ideas about what constitutes good management.

This study was founded on two theories: Kurt Lewin's three step model and Herzberg's motivational theory. Lewin urged that for change to be implemented fully it has to go through the three critical steps of Unfreezing- Change- Refreeze. There exist the requirement for every organization that wish to remain competitive and relevant in the current changing business environment, to duly observe the systematic process of change. For the process to be successful it should start from creating a motivation to change from those to whom change will affect, change then is implemented as per the organization's objective. The process is finalized when the organization is back to stability and normality as per the new structure. On the other hand motivation theory will explain the factors that cause satisfaction and those which cause dissatisfaction as far organization and employee performance is concerned. Motivators are more concerned with the actual jobs itself while the other deals with the working environment like the work condition, terms and conditions of the job.

The study focuses on National Hospital Insurance Fund, Which is the oldest insurance scheme in Africa and under government statutory. According to a strategic review of National Hospital Insurance Fund (2011), this organization was established 49 years ago in the year 1966. Cap 255 of the Laws of Kenya as a department under the Ministry of Health. Its establishment was based on the recommendation of Session Paper no. 10 of 1965: African Socialism and its Application to Planning in Kenya. The original act was revised and currently, the Fund derives its mandate from the NHIF Act no. 9 of 1998. As the primary provider of health insurance in Kenya its mandate is to provide access to quality and affordable health care for all Kenyans.

The organization is operating in a competitive environment with high number of private sector competitors and player. These include the general insurance companies, reinsurance companies and insurance brokers; these also offer health insurance which is the only key operation of NHIF. By the year 2013 the players in the insurance industry had raised from 15 in 1978 to 51. These exclude government regulators like I.R.A.

1.1.1 Strategic change management practice

For any success oriented organization to thrive and achieve its goals. It must do this by implementing the concept of strategic change management. These involve the process of critically overseeing organizational transition strategically in a systematic thoughtful ways in order to meet organizational objectives, goals, mission and core values (MacMillan, 1998). It also involves the response to external and internal environmental stimuli through a well-established goal oriented plans (Nadler & Tushman, 1999).

Change management is usually required when there is change occurring in the environment in which the organization operates. Change can be classified in many different ways. Most theorists classify change according to type or rate of change required this is termed as substance of change (Bateman, 1999), Definition for amount of change as either incremental or transformational. He argue that incremental change management occurs when an organization makes relatively minor change to its procedure, process, technology or structure while transformation change occurs when radical change in program and structure is implemented.

Strategic change management is any planned or unplanned transition from one state to another change could be physical or emotional. But strategic change management is a long term in nature which affects the entire organization and aims at achieving effectiveness. This is compared with operational change management which is short term and affects section of the organization (Ansoff and Igor, 2005). All organization are currently undergoing some change many of these change program arise from organized management strategies like culture change , business process reengineering, empowerment and total quality (parker and Bradly, 2000). Other strategic change initiatives are driven by the need for organization to reposition itself in the face of changing competitive condition. (Kenter, 1999) argue that strategic change management involves the position within organization of structures system, process and culture.

It is the effective management of a business change such that executive leaders, managers and front line employees work in concert to successfully implement the needed process, technology or organizational changes. The goal of change management is to implement these business changes quickly in an attempt to improve organizational performance through minimizing the impact on productivity, avoiding unnecessary turnover or loss of valued employees, eliminating any adverse impact on their customers and achieving the desired business outcomes as soon as possible. The characteristics of organizational change are mainly categorized along the following two dimensions; radical versus incremental change and reactive versus proactive change. Radical changes is refer to as changes that have an impact on the whole system of the organization and fundamentally redefine what the organization is or change its basic framework, including strategy, structure, people, processes, and (in some cases) core values (Nadler &Tushman, 1999).

Strategic change management in an organization signifies the alteration in the objectives, goals and strategies. Also it is a procedure for converting inputs in to outputs. It specifies features, structures and human resource. Change may involve product and process restructuring, mergers and alliances, diversification and installing new systems in the organization. Not only the physical change it can also involve change in attitude of the firm's human resources, change of tasks, technological change, alteration of norms and organizational culture(Nadler &Tushman, 1999).

1.1.2 Employee performance

Employee performance management is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. Performance management is a whole work system that begins when a job is defined as needed. It ends when an employee leaves your organization (Holdford and Lovelace-Elmore, 2001).Many writers and consultants are using the term performance management as a substitution for the traditional appraisal system. Performance management of employees is the larger process of defining what employees should be doing, ongoing communication during the year, linking of individual performance to organization needs, and the evaluating of appraising of performance. It involves enabling people to perform their work to the best of their ability, meeting and perhaps exceeding targets and standards. For successful performance management, a culture of collective and individual responsibility for the continuing improvement of business processes needs to be established, and individual skills and contributions need to be encouraged and nurtured.

Where organizations are concerned, performance management is usually known as company performance and is monitored through business appraisal (Brophy, 1983).

Every organization has been established with certain objectives to achieve. These objectives can be achieved by utilizing the resources like men, machines, materials and money. All these resources are important but out of these the manpower is the most important. It plays an important role in performing tasks for accomplishing the goals. The question arises that how these resources are utilized by manpower. Further, the business environment is changing drastically since environmental factors are uncontrollable. These are beyond control of management of the firms. One has to adjust with the external factors to do the business in the Market. Every environmental factor like social, cultural, legal, political, economic, technology and competition gets changed very fast (Pearce & Robinson 1988).

At the present situation it is difficult to predict about anything. It is uncertain to say what will happen tomorrow. Again the need for highly skilled and dedicated manpower is felt who can give the best output. Nowadays the markets are also very competitive and there is cut throat competition. For every organization it is difficult to start, survive, stabilize and excel in the business. The firm that gets the advantage over other competitors through their talented and dedicated manpower can take the lead in the market. The contribution of employees on job is the most important factor for development and excellence in business. The performance of employees on different jobs in close coordination is needed for success of the unit (Armstrong and Baron, 2005).

Employee performance in any given organizational set up due to its various advantages to both individual employees and the organization as a whole. There is various proven importance of employee performance. Employee gets job satisfaction at job, Psychological problems of employees come to low level, Involvement of employees in their jobs increases, A sense of commitment and loyalty among employees develop, Employees get higher salaries and incentives on production basis, Quality and quantity of the total production increase.

1.1.3 The Insurance industry in Kenya

Part one section 2(1) of insurance act cap 487 of the laws of Kenya, defines insurance business as a business of undertaking liabilities by way of insurance (including reinsurance), in respect to any loss of life and personal injury and loss or damage including liability to pay damage or compensation, contingent upon the happening of specific event, In return of payment of one or more premiums.

The main players in the Kenyan insurance industry are insurance companies, reinsurance companies, intermediaries such as insurance brokers and insurance agents, risk managers or loss adjusters and other service providers (Insurance Regulatory Authority, 2010). The statute regulating the industry is the insurance Act; Laws of Kenya, Chapter 487. The office of the commissioner of insurance was established under its provisions to strengthen the government regulation under the Ministry of Finance.

There is also self-regulation of insurance by the Association of Kenya Insurers (AKI) established in 1987 as a consultative and advisory body to insurance companies and

registered under the Society Act Cap 108 of Kenyan law (www.akinsure.com). The professional body of the industry is the Insurance Institute of Kenya (IIK), which deals mainly with training and professional education. Insurance Regulatory Authority (IRA) was established with the mandate of supervise and regulate the insurance industry players. According to Insurance Industry Report (AKI) for the year 2013, there were 48 insurance companies operating in Kenya as at the end of 2013. 25 companies wrote non-life insurance business, 12 wrote life insurance business while 11 were composite (both life and non-life). There were 187 licensed insurance brokers, 29 medical insurance providers (MIPs) and 4628 insurance agents. Other licensed players included 134 investigators, 105 motor assessors, 22 loss adjusters and 27 insurance surveyors, but currently there are 51 players within the industry.

Insurance business can broadly be classified into general and life/ long term. Despite this classification, the different classes of insurance businesses can be viewed as lines of business along the profit centre concept. According to the Kenya Insurance Survey (2004), there exist various lines of business in the General insurance industry business in Kenya: Motor- Commercial, motor-private, fire-domestic, aviation, Fire- Industrial and Engineering, theft, workmen's compensation, Motor- Private and Personal Accident engineering, liability, marine, and miscellaneous. The life insurance industry is mainly driven by their lines of business: Ordinary Life and Superannuation, which includes Group Life Insurance and Deposit Administration i.e. industrial life and bond investment (Kenya Insurance survey, 2004).

According to Kenya insurance survey 2004, the General insurance business is facing two major challenges. The first challenge is to come up with a solution for companies whose viability is threatened by their inability to meet policy holder claims. The second major challenge is how to generate growth for an industry that has significant potential for growing but facing a highly competitive environment. In contrast to the General insurance business, the life insurance business enjoyed a real cumulative average growth. Globally, the insurance industry has enjoyed strong business conditions over the last few years but worsening economic outlook likely pose considerable challenges in the years ahead. These challenges was especially pronounced in the property and casualty segment, where growing pricing pressure as the market softens will drive a need for cost-cutting and greater efficiency (AKI 2013).

1.1.4 National Hospital Insurance Fund in Kenya

The National Hospital Insurance Fund (NHIF) is the oldest government insurance scheme in Africa. NHIF was set up in 1966 under Cap 255 of the Laws of Kenya as a department under the Ministry of Health. Its establishment was based on the recommendation of Session Paper no. 10 of 1965: African Socialism and its Application to Planning in Kenya. The original act was revised and currently, the Fund derives its mandate from the NHIF Act no. 9 of 1998. As the primary provider of health insurance in Kenya its mandate is to provide access to quality and affordable health care for all Kenyans. NHIF membership is compulsory for all salaried employees. Premium contributions are calculated on a graduated scale based on income, and deducted automatically through payroll. For self-employed and other informal sector workers, membership is contributory (voluntary) and available at a fixed premium rate of 150 Shillings per

month. Contribution rates increased with the introduction of a graduated scale in 1990 with NHIF contributions capped at salaries of KSh. 15,000 and monthly contributions ranging from KSh. 500 to KSh. 1700. These are the current rates, as increased rates proposed in 2015 (Kenya Strategic Review, 2011).

In 1998, the original Act was amended and replaced with the NHIF Act of 1998, which established the Fund as an autonomous state corporation. The transformation of NHIF from a department of the Ministry of Health to a state corporation was aimed at improving effectiveness and efficiency. The unchanged rates since 1990 have impacted on the Fund's ability to expand the depth of cover to meet the growing population. Over the past 5 years, the Fund has increasingly invested in information technology to reach members and support the delivery of its services. (Kenya strategic review, 2011). This includes the introduction of packages such as electronic funds transfer e.g. M-Pesa, swipe cards, point of sales systems and other innovations that have increased the efficiency of the Fund. NHIF has improved its claims' payment periods for undisputed claims comparing favourably with private insurers. On average, NHIF pays claims between 14 to 21 days compared to the best paying private insurers who pay at least within 30 days. In the recent past NHIF have face several challenges including political instability, high rate of corruption, technological changes and the most challenging problem the rising competition in the insurance industry which has seen the organization struggling to survive among many privately owned organizations. Due to this the organization currently covers both inpatient and out patients as a way of expanding its operations.

1.2 Research problem

Organizations are open systems which are vulnerable to internal and external environmental changes. For them to deliver on their mandate sensitivity to change is of great significance. The objective of any change management is to maximize benefits and organization objectives while minimizing the risk of failure during the change implementation (Kimathi, 2011). Managers need to consider how to balance different approaches according to the situation they face. Managers need to be able and willing to foresee a future where the strategies and performance of an organization are transformed by exploiting the performance management capabilities of the organization better than the competitors. Kotter (1995) argues that many change projects fail because success is declared too early. Real change runs deep, Quick wins are only the start of what needs to be done to achieve long-term change. This is because each success provides an opportunity to build on what went right and identify what one can improve. He further states that nothing motivates more than success.

There are several international research studies which have been carried out in this field of strategic change management Burnes, 2004; Leanne, O'Shea and Connolly, 2004; Cummings and Worley, 2001; Kotter, 1996; Pettigrew and Whipp, 1993; Kanter et al, 1992; and Tichy, 1982 relating to strategic change management. These studies have attempted to explain the forces, approaches and challenges to change management in organisations. Also several on the same have been done locally.(Bett 1995) did a study on change management in dairy sector and the findings was that, due to economic reforms in the country, firms in the dairy industry have done significant changes in their management in order to survive in the unstable environment. Kandie (2001) did a study

on strategic responses in Telkom Kenya where he concluded that whereas Telkom Kenya Limited realized the need to change their strategy due to change in the competitive atmosphere, they lacked finances and managerial empowerment. Recent study by Maboko (2011) studied on Relationship between Strategic change Management and employee Performance at the Ministry of Finance. The study established that employees' job performance is crucial to the organization's overall performance as highly performing employees were able to facilitate the organization to achieve its strategic aims thus sustaining the organization competitive advantage. (Chebii, 2014) studied about the Effects of Strategic Change Management to Staff Performance a case study of Kitale District Hospital. She concluded that majority of employees within the organization appreciated the introduction of change management practices since it create a unique work environment, And that it enabled the organization and its employees to provide quality services to their clients in the most effective and efficient way.

However, relating to strategic change management and staff performance at NHIF, to the best knowledge of the researcher there exist no research which have been done on this heading. Motivated by this knowledge gap, therefore the research study sought to fill this knowledge gap by providing answers to the research question: What are the strategic change management practices adopted by NHIF Kenya and the impact on employees performance.

1.3 Research objective

- i. The study sought to determine the strategic change management practice adopted by NHIF Kenya.

- ii. Establish how strategic change management practices adopted affect performance of NHIF staff.

1.4 Value of the study

To academicians and researchers, the study will provide information that could be used as literature review in studies related to change and change management in public institutions. In addition, the study will add more knowledge on organization change in public institutions. Further, this study will provide a base upon which more studies can be conducted on the effects of organization change on the performance of life assurance sector.

To the government of Kenya and policymakers, the study provided information that can be used to form policies on change and change management in public institutions which include healthcare facilities. In addition, the Government of Kenya could use the findings of this study to improve the efficiency of services offered in healthcare facilities and the insurance sector.

It was of great importance to policy makers at NHIF and the entire insurance industry in formulating, implementing and evaluating their strategic change in future since it will shade light on its effects on performance especially employees. Also it will assist the management in the insurance industry in the best practice to be observed when formulating, implementing and evaluation of change and the effects it will have on performances of employees.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews selected literature and examines both general and specific theories that have been done by various scholars in the areas of strategic change management. The literature reviewed examines how various studies have analyzed and determine impact of change management on the performance of employees should. This in essence enabled the Researcher to give a critical analysis of some of the thoughts and theories presented in past studies by the said writers. The chapter will also focus on the meaning, the importance and the limitations of the various theories of strategic change management. It will also shed light to strategic change management its meaning and importance. Employee performance and the relationship between strategic change management and employee performance was highlighted and the various studies done by other scholars.

2.2 Theoretical foundation

This is the discussion of the various theories and knowledge other researchers have done. Basically this section focuses on the Kurt Lewin theory about organization change. Also discusses Herzberg motivational theory.

2.2.1 Lewin's three steps model

One of the cornerstone models for understanding organizational change was developed in 1947 by Kurt Lewin, a physicist and social scientist. His model, which still holds true even today, is known as three step model which involves, Unfreeze–Change–Refreeze.

He described organizational change using the analogy of the changing shape of a block of ice. Lewin's change model is a simple and easily understood framework for managing change through three distinct stages. It starts with creating the motivation to change (unfreeze) and moves through the change process by promoting effective communication and empowering people to embrace new ways of working (change). The process ends when the organization returns to a sense of stability (refreeze), which is necessary for creating the confidence to embark on the next, inevitable change(Lewin 1951).

This three step model gives a manager or change agent an idea of what implementing change means when dealing with people. The 3 phases of the Kurt Lewin model provide guidance on how to go about getting people to change: a manager will implement new processes and re-assign tasks, but change will only be effective if the people involved embrace it and help putting it into practice. Thus the model is of great use to both employees and the management in achieving the organization's strategic objectives. In understanding the process of change and the effects change have on employee performance the model is of great importance in ensuring that through change process has been followed to achieving organization objectives (Basher, 2002).

Lewin's change management approach is definitely still valid and that, in conjunction with the force field analysis, it can effectively enable businesses to successfully plan, design and implement change. Lewin's approach is important not only in that representing a valuable structured approach to change management, but also because it can effectively help employers to keep track of all the achievements related to

the previous change processes they have implemented, and ultimately to better keep pace with the ever changing world.

It is indeed the third stage of the model, that is to say refreezing, which has provoked sharp criticism from many human resource authors and practitioners. More in particular, it is argued that the modern business world is changing at a pace which gives no time to settle and consequently to refreeze after a change process has been implemented. The Lewin's model is hence is perceived as a model which basically lack the flexibility required to fit with the currently dominating constant and sometimes even chaotic process of change, actually requiring a great deal of flexibility. This criticism entails that the final stage of the process should not end up in a rigid, hard state but that it should rather conclude leaving the organisation in a sort of soft/jelly-like state which could be constantly shaped and moulded accordingly(Basher,2002).

2.2.2 Herzberg's motivation-hygiene theory

The Herzberg's motivation-hygiene theory (also known as Two-factor theory and Dual Factor Theory) states that there are certain factors in the workplace that cause job satisfaction, while a separate set of factors cause dissatisfaction. It was developed by Frederick Herzberg, Frederick Herzberg's book 'The Motivation to Work', written with research colleagues Bernard Mausner and Barbara Bloch Snyderman in 1959, first established his theories about motivation in the workplace (Herzberg & Mausner, 2008) Herzberg's survey work, originally on 200 Pittsburgh engineers and accountants remain a fundamentally important reference in motivational study. While the study involved only 200 people, Herzberg's considerable preparatory investigations, and the design of the

research itself, enabled Herzberg and his colleagues to gather and analyze an extremely sophisticated level of data (Hyun, 2009). Herzberg was the first to show that satisfaction and dissatisfaction at work nearly always arose from different factors, and were not simply opposing reactions to the same factors, as had always previously been believed (King, 2004).

Motivators are more concerned with the actual job itself. For instance how interesting the work is and how much opportunity it gives for extra responsibility, recognition and promotion. Hygiene factors are factors which 'surround the job' rather than the job itself. For example a worker will only turn up to work if a business has provided a reasonable level of pay and safe working conditions but these factors will not make him work harder at his job once he is there(Herzberg, 2005).

This approach to the study and understanding of motivation would appear to have certain conceptual advantages over other theories: First, unlike Maslow's and Herzberg's theories, it is capable of handling individual differences. Second, its focus is toward the present and the future, in contrast to drive theory, which emphasizes past learning. Third it specifically correlates behaviour to a goal and thus eliminates the problem of assumed relationships, such as between motivation and performance. Fourth, it relates motivation to ability: $\text{Performance} = \text{Motivation} \times \text{Ability}$ (Herzberg, 2005).

A number of behavioural scientists have pointed to inadequacies in the need for hierarchy and motivation-hygiene theories. The most basic is the criticism that both of these

theories contain the relatively explicit assumption that happy and satisfied workers produce more, even though this might not be the case (Nadler & Tushman, 1997).

2.3 Management of strategic change

Change management is the effective management of a business change such that executive leaders, managers and front line employees work in concert to successfully implement the needed process, technology or organizational changes. The goal of change management is to implement these business changes quickly in an attempt to improve organizational performance through minimizing the impact on productivity, avoiding unnecessary turnover or loss of valued employees, eliminating any adverse impact on their customers and achieving the desired business outcomes as soon as possible. The characteristics of organizational change are mainly categorized along the following two dimensions; radical versus incremental change and reactive versus proactive change. Radical changes is refer to as changes that have an impact on the whole system of the organization and fundamentally redefine what the organization is or change its basic framework, including strategy, structure, people, processes, and (in some cases) core values(Nadler &Tushman, 1999).

On the other hand, other authors interpret incremental changes as changes that happen all the time in organizations, and they need not to be small. Such things as changes in organization structure, the introduction of new technology, and significant modifications of personnel practices are all large and significant changes, but ones which usually occur within the existing definition and frame of reference of the organization. Incremental approach to change is more common and this type of change is commonly used to

maximize short term performance. The logic behind the incremental view is that the environment is constantly changing and incremental change being a continuous process is the only way to secure the future of the company and improve organizational performance. However, in some situations, such as after a period of flux or unexpected rapid change in the environment, a radical approach to change may be necessary to address problems that are more fundamental (Johnson & Scholes, 2002).

In terms of the proactive/reactive nature of change, Nadler and Tushman, characterize reactive change as that implemented in response to some external event and or serious internal operational and managerial problems. They see proactive change as that where the company is not currently experiencing any serious problems but managers anticipate the need for change to put the company in a better position or avert potential future problems. Though this anticipatory approach to change is generally preferable, in practice most companies tend to take a reactive approach, usually as consequence of the commonly held view that there is no need for change if current performance is satisfactory (Nadler & Tushman, 1997).

Moreover, Technological change and its impact on the work force have become a focus of attention in the all over the world (R. Smith). However, there are conflicting views about the implications of changing technology for employment. Some experts say that the pace of technological change is accelerating and that thousands of workers in plants and offices are affected as laboursaving innovations are diffused more widely (Jerome, 2010). Also, Organizational structures that are more consistent give employees security and a positive attitude. A consistent structure is one where the hiring of employees are within

the organization, when employees are promoted when they are effective and when employees can relax about job loss. If an organization has a consistent structure employees will devote themselves and perform the best at the jobs, which gives an organization a higher production rate (Mecker, 2011).

Finally, in the context of business operations, change management affects the performance of employees during and after change. During the change process, the behaviour of the employees is greatly impacted upon through emotional responses. When the issue of change is introduced to the employees, they tend to fear. They often assume a defensive and resistant role. It's important to note that employees do not perceive change positively (Fedor, 2009).

2.4 Performance of Employees in Organizations

Every organization has been established with certain objectives to achieve. These objectives can be achieved by utilizing the resources like men, machines, materials and money. All these resources are important but out of these the manpower is the most important. It plays an important role in performing tasks for accomplishing the goals. The question arises that how these resources are utilized by manpower. Further, the business environment is changing drastically. The environmental factors are uncontrollable. These are beyond control of management of the firms. One has to adjust with the external factors to do the business in the market. Every environmental factor like social, cultural, legal, political, economic, technology and competition gets changed very fast. For effective working the knowledge of these factors is must otherwise the plan will misfire (Nadler & Tushman, 1999).

In present situation it is difficult to predict about anything. It is uncertain to say that what will happen tomorrow. Again the need for highly skilled and dedicated manpower is felt who can give the best output. Nowadays the markets are also very competitive and there is cut throat competition. For every organization it is difficult to start, survive, stabilize and excel in the business Kotter (1995). The firm that gets the advantage over other competitors through their talented and dedicated manpower can take the lead in the market. The contribution of employees on job is the most important factor for development and excellence in business. The performance of employees on different jobs in close coordination is needed for success of the unit. Employees are performing different jobs in an organization depending upon the nature of the organization. They mainly perform tasks like production, storage, manufacturing, transportation, marketing, purchasing, distribution, promotion of business, finance and accounting, human resource, research and public relations.

All these activities are inter-related to achieve the targets. These are to be performed by the employees properly so they can give their best output at the job. This will have great impact on the total production, sales, profit, progress and market position of the company in the market. Various factors like skills, training, motivation, dedication, welfare, management policies, fringe benefits, salary and packages, promotion, communication etc. are responsible to encourage the people to work sincerely and give their best output. The importance of employees' performance must be understood by the management and sincere efforts must be put in that direction by the management of the company.

2.5 The Influence of Management of Strategic Change Practices on Employees

In the context of business operations, change management affects the performance of employees during and after change. During the change process, the behaviour of the employees is greatly impacted upon through emotional responses. When the issue of change is introduced to the employees, they tend to fear. They often assume a defensive and resistant role. It's important to note that employees do not perceive change positively. It interferes with their routine activities and they are subjected to a deviation from what they are used to doing. They feel threatened and insecure. This brings about mental and emotional instability, often implicating on their performance. During the implementation of change, the employees are noted to have negative feelings and they 'scrabble' about in finding how to cope with the effects of change. The resistance which is displayed is deeply rooted in pre-conditioned and routine subjection that the employees are previously exposed to within the work environment (Fedor, 2009).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides methodology in line with the research objectives of the study. It comprises of the research design, data collection and data analysis methods.

3.2 Research Design

The research was based on a case study approach. Case study places more weight on full contextual analysis of fewer conditions or events and their interrelations (Cooper and Schindler, 2005). All data gather was therefore related to this organization. According to Young (1960), a case study is “a comprehensive study of a social unit, be it that unit is a person, a group, a social institution, a district or a community.” It was essentially an intensive investigation of a particular unit under consideration. This research design enabled the researcher to carry out in- depth investigation and have a greater understanding of effect of strategic change management practices on employee performance at NHIF.

3.3 Data Collection

This study used both primary and secondary data. Primary data according to (Creswell, 2005), is the data collected a fresh for the first time. On the other hand secondary data was obtained through the available records within the various departments in the organization which were of relevance in supporting the success of this study. This included strategic plan, NHIF strategic review documents among others. An interview guide was used in this study to collect primary data. This was done through a face to face

interview with the respondent these are the most commonly used methods when respondents can be reached and are willing to co-operate. Also it is suitable for obtaining in-depth information about a subject.

Given that this is a case study, six selected respondents both senior managers and middle level managers of NHIF, who have been in the organization for a reasonable period were contacted and appointed for the interview. This is due to their reasonable and adequate knowledge of the trends within the organization, Also they participated in strategic formulation, implementation and evaluation in the organization. The researcher interviewed these respondents capturing the main themes of the study.

3.4 Data Analysis

The data collected was qualitative in nature and was therefore analyzed using content analysis. Using this method, phrase and statement from the respondents categorized to describe the logical structure and pattern of expression which helped to ascertain any association, connection, denotation and other interpretations. Mugenda and Mugenda (2003) noted that by using qualitative methods, researchers are able to collect data and explain phenomenon more deeply and exhaustively.

Content analysis is widely used qualitative research technique. It involves observation and detail description of objects, items or things that comprise the object of study. Through this study, other methods of analyzing data were not be possible like numerical and statistical methods (Ochieng, 2014).

Content analysis is the most effective technique for most qualitative data (Kothari, 2004). Besides a number of researchers have successfully applied content analysis in their research, Kandie(2001), Njoroge (2006), Swale (2007),Karani (2008), and Gatwiri (2012), Hence this method of analysis was appropriate.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents and focuses on data analysis and interpretation of the research findings where primary data was collected through face to face interviews with the respondents and the secondary data obtained from the organization's strategic review document, strategic plan and audit reports which was done by Delloite.

4.2 Respondents profile

The six respondents comprised of top and middle level managers from various department. According to the study, the respondents have been working at NHIF form a period between 5 years and 27 years. Due to this it is an indication that the organization is experiencing low staff turnover and that the respondents were rich in knowledge about the trends and changes that have occurred at NHIF.

The top and middle level managers were preferred due to their experience and knowledge they had about the strategic changes in the organization since they have taken part in its formulation, implementation and evaluation in the organization. For one to be on the top management level they must have been in the organization for long enough hence I was appropriate to source information from them since they were rich in information.

4.3 Response rate

The study had targeted six key managers from the various departments; out of this the target was achieved where 100% response rate was attained. All the six respondents were

willing and participated fully in providing important information needed for this study despite their tight work schedules.

Each of the respondents was taken through the interview questions one after another with the objective of obtaining quality indebt information on the strategic change management practice adopted by National Hospital Insurance Fund and also probing done to establish how these changes has impacted on the performance of staff in the organization.

4.4 Change in top management

The study found out that the organization adopted changes in their top management and middle level management this is mostly the appointment of new chief executive officer in the organization which is always done after a period of three years depending on the contract agreement with the government. Also the study established that there has been introduction and appointment of new board members and alteration of their composition and representation where various government organs and ministries are represented. This include ministry of health, Kenya National Union of Teachers among others at the board level. Change in management has been witnessed also at the middle level management where staff undergo reshuffle and others transferred to the various branches within the country on promotional grounds. Due to this it has led to introduction and promotions of staff from one level of job group to another, others to middle level management and others to even strategic/top level management within the organization. The research findings also established that there has been a transition in management from having the title of general managers to the current title of heads of departments or departmental managers.

The study having established that one of the strategic change practices adopted is change in management, this was important to be done in the organization due to various reasons the main objectives of introducing new management as a change strategy was due to growth being experienced in the industry. The rapid growth in insurance sector and NHIF in particular required the organization to introduce new management to lead and manage the newly established department within the organization like operations department private sector which was established as a process of restructuring. Also the change was meant to bring in new ideas to the management of the organization when there is change in management; new staffs come with different ways of handling management process. Increase productivity and the call to achieve the various organization goals was also a driving force for change in management. For the organization to thrive and compete within its environment without compromising quality, effectiveness and efficiency of work there was need for NHIF to introduce new management to avoid monotony of work. With the organization vision, mission and strategic objectives it was established that it is a government directive to change management when its time has come this is to enable the organization to focus much on attaining its strategic objective hence need for fresh mind and individuals who have new ideas.

4.5 Organization restructuring

Organizational restructuring is a process of alteration of status quo in any given setup be it an organizational setup or any other setup with structures and predetermined plans and structures are in place. This is a process which entails introduction of diversification of portfolio and organizational resizing which can either be downsizing or upgrading,

mergers and general internal reshuffle and change of the way things operate within the organization. Generally the restructuring process in organizations is meant to increase performance of staff and the entire organization reducing of unwanted expenses. Introduction of new departments or reducing the existing department with the sole aim of remaining competitive in the industry and to enhance efficiency ,effectiveness and achieving of set goals, objectives and mission of the firm.

From the study findings all the respondents interviewed conquered that NHIF has undergone and still undergoing restructuring process as a strategic change process, the restructuring has been done through introduction of new department within the organization which is aimed at ensuring that the organization operates in line with the current environmental trends taking place. For example the introduction of operations department under private sector which did not exist before. Transition from a branch in the ministry of health to being independently operational as a state cooperation has led to organizational restructuring. This is because there is need for organization to run its activities without being under other government ministry. The study established that due to this transition process the structures change and it adopted their own new CEO, Board and departmental managers to oversee the management process independently unlike when they use to work under the ministry of health led by a minister as the top manager. Recently towards the end of the year 2014, NHIF underwent a restructuring process in the organization as a response to the recommendations by an independent audit firm Delloite, that the organization should restructure to enable it have the right human resource at the right job placement and to enhance efficiency and effectiveness. As part of this restructuring process the organization has expanded its operations to the county

level this is with the aim of taking services to the grassroots and accessibility to its clients.

Decentralization of administrative tasks and services is another evidence of restructuring process in NHIF where high percentage of operations has been shifted to the branch level. That also led to creation of the post of branch managers which enable staff to receive human resource services at the branch level without visiting the National office. Overall the management structure at NHIF encompasses the entire scope of NHIF mandates and provides a governance structures capable of delivering the organization's mandates. Additionally the study established that NHIF has decentralize functions and activities to branches and aim at reducing staff at the head office in order to enhance the human resource capacity at the branches and establish a close contact with the contributors who are the general members of public.

From the interview it was evident that restructuring as a change strategy was not only necessary but important since the process was aimed at increasing productivity, efficiency and effectiveness in service delivery, improving productivity in terms of the number of clients served and also ensure service delivery to the people in the informal sector like Jua kali sector who were not able to access the quality services like those in the formal sector.

4.6 Change in technology

Information technology has become a vital and integral part of and the back born which determines the success and failures of any given business or organization. Technological

issues cuts across from multinational co operations which maintain mainframe systems and databases to medium and small business and organizations that own a single computer machine. The reasons for omnipresent use of computer technology and automation of activities in various organizations can best be determined by how each and every organization intend to utilize the services that comes along due to introduction and the need to adopt the technology.

The study therefore sought to find out if NHIF in Kenya had implemented any strategic change in their technology. Changes in technology could include introduction of machines in the operations of the company and technological upgrading of the existing systems within the organization. From the interview carried out, 100% of the interviewed managers attest that NHIF has indeed undergone a total transformation as far as technological changes are concerned. The study findings also established that there has been massive investment by the company to ensure that the organization is fully automated. Amongst the technological changes implemented is the introduction of computers and computer systems. This is a major change according to the study where there is almost a total shift from the old manual systems of operations to the current computerized operations. According to the research findings, every desk which is occupied within the organization must be fitted with computer. This was mainly to ensure that employees are efficient in service delivery within the organization. also accuracy in the work done was adversely mentioned as the reason for introduction of computer technology in the company other reasons for installing computers according to the findings was to enable quick analysis of data and information in the various department in the accounting and finance department. On fund transfer there has be change in

technology where currently there is a system called EFT Electronic fund transfer services this is where money is send electronically between the organization and the bank or between the client and the organization due to this the finding established that it has reduced non compliance in payment of premium and claims in the organization also it enhance efficiency and accuracy in transaction compared to when payment were done manually through the over counter services in the bank or organization. EFT also ensures that fraud has reduced in services delivery where no cash payments are accepted instead the payments are done electronically to the bank or to the organization.

Another example to support the existence of technological change in the organization, The respondent indicated that NHIF has introduce mobile money transfer platforms where M pesa services has been introduced this is a mobile services where client need not to visit a bank to pay premiums but they pay through mobile phones M pesa services, due to the introduction of this technology collection of premium has been enhance through convenient payment services. Short messages lines has also been introduced according to the respondents this is for enabling client to access their NHIF account information through their phones without physical appearance at the NHIF offices, this has greatly reduced human population at the office seeking information and updates of their account. As a process of automating the demographic information of the client NHIF has adopted a technology called IPRS Integrated Persons Registration Systems where client information are captured in the system and issued with cards that can be used to positively identify the contributor during claims this has enabled the organization to reduce claim rejections and cancellation arising from misrepresentation during settlement of claims.

The study established that biometric contributors registration has been introduced to be able to manage the contribution progress of the client .there has been growth in contribution due to proper management and monitoring of the clients progress with the system. Generally the respondents agreed that the organization has undergone and still undergoing a lot of technological changes as a way of strategic alignment. The issue of technology introduction and upgrade has mostly been attributed to the need for the organization to ensure that there is quality service provision within the organization and also to take care of uniformity as far as outpatient is concerned. This change practice has also been propelled by the dynamics witnessed in the external economy where there is a witnessed shift from analogue systems of operations to digital platforms.

4.7 Strategic change in policies rules and procedures

Policies, rules and procedures in an organization are the elements that determine the scope, the direction and the means of attaining the strategic objectives in a given organization or business entity. They are the guidelines, principles and norms do and don'ts. This includes the organization constitution, mission, vision strategic objectives and the laws governing the operations of the organization. Focusing on changes in policies rules and procedures as a strategic change practice, the study sought to find out if NHIF Kenya has implemented any of these changes in their operations. From the study over 90% of the respondents agreed that the organization had under gone and still undergoing strategic change in polices and rules governing NHIF. This changes include introduction and change of polices to be able to enable the organization to effectively and efficiently manage their rapidly growing operations. For example the introduction of new

rates and new products like outpatient cover and informal sector insurance forced the organization to come up with rules and policies that could be used to govern successful operations of those products. The study also established that due to the constitutional requirements for devolution, NHIF had to come up with new policies rules and regulations that will govern the operations at the county level.

The introduction of new policies is also aimed at enabling the organization to adapt to the rapid dynamics witnessed in the external environment. Competition in insurance industry has been cut throat, this is ranging from introduction of new products and services to increase in the number of players in the industry. Due to this environmental and industry changes the organization decided to formulate and improve their policies rules and regulations in order to be relevant, competitive, efficient and effective in service delivery. The respondent elaborated that Mwongozo policies were introduced as a defining tool which provide guide and direction which the organization is required to take. According to the findings, mwongozo guide was not existing before but it was introduced as a way of updating the polices, rules and procedures of the organization to be in line with the operations and services offered.

The study also established that Reduction of bureaucracy in the organization was improved so that the organization can work effectively and efficiently. Due to revision of bureaucracy, the organization was able to improve its service delivery arising from quick decision making. In the past when the bureaucracy was long, the study established that decision making was slow hence resulting to inefficiency in service delivery in the organization. On changes in policies rules and procedures, the study established that there

was revision of policies governing the payments of penalties in the case of those who default to pay their premium on time. In the past the penalty payments used to be five times the monthly premium but the management decided to change the policy and reduce the penalties down to 25% of the monthly premiums. This was arrived at due to the need to encourage people to take insurance cover with NHIF. Policies as a strategic change practice were also revised by the organization to take care of the informal sector which constitute a new market segment which the organization is venturing on. The informal sector includes the Jua kali industry which constitutes a higher percentage of the population being targeted by the organization.

4.8 Strategic change practices and employee performance

The objectives of the research were to establish the strategic changes adopted by NHIF and the impact it has on staff performance. From the research findings it was clear that the organization adopted various strategic changes within the period the respondents were in the organization and beyond that period. The strategic change management practices adopted include: - changes in management in the organization this is both top level and middle level management, organizational restructuring where structures were modified, resized merged and even others were done away completely, introduction of new policies rules and procedures where the finding established that there was and still is changes in policies to enable the organization to align its activities to the requirements by its stakeholders. Also the findings established that there have been great strategic changes in technology this range from introduction of new technology and upgrading of the existing technology.

Having positively established that the organization adopted various strategic changes, the researcher went ahead to find out the impacts which the various strategic changes has had on the performance of employees. From the research findings the respondents agreed that the various strategic change management practices adopted has led to great positive impact on performance of staff. Most of the interviewed respondents attest that this change has led to drastic improvement in their performance, introduction and upgrade of technology was mentioned adversely as one of the change strategy which has led to improvement in work performance by staff. Due to this change the study established that the staffs were able to improve their productivity per day compared to when the change was not there. The study established that one staff was able to handle double the number of clients compared to the previous time where they use to handle fewer clients. Staffs also were able to perform operations accurately and uniformly across the organization this is because of the introduction of systems which enable them to do the job without many discrepancies as far as the accuracy of work is concerned. Staff work performance also improved due to minimal errors experienced in service delivery this was enhance by the introduction of systems which prevent errors at a early stage which enable them to correct before it becomes a complaint by the client or the organization. Still on technology, the study established that work stress and burn outs have drastically reduced due to automation of services within the organization. Most respondents elaborated that their performance has really improved as far as productivity level is concerned this is because more energy is saved for more task due to reduction of stress level.

On restructuring, the respondents elaborated that this change has led to improved performance by staff because due to restructuring, promotions from one level of job to

another aroused. Due to this it enabled staff to put more effort to their work to be able to meet the requirements of being awarded a promotion. In the rush to ensure that they improve at a personal level general improvement in staff performance has been witnessed. But despite the positive impact restructuring has, it also leads to too much anticipation by staff due to fear of restructuring outcomes. When an organization undergoes restructuring, it is aimed at improving the service delivery in the organization and serving the clients satisfactorily. But even if this change is required for success, it may lead to instability of staff within the organization this is mainly attributed to fear of staff losing their jobs due to merging or restructuring which some departments can be done away.

The researcher also wanted to establish the impact of change in management on staff performance. From the research findings, it was noted that change in top and middle level management has led to mixed reactions on performance of staff. Like appointment of new CEO the respondents elaborated that this change has great impact on performance since each new manager has their different styles of leadership apart from the procedures and guides that govern the running of the organization. Some respondents stated that change in management has led to improved performance; this is attributed to good idea which comes along with appointment of new management. New managers comes in with fresh ideas like improved work conditions, different motivation styles and different approaches to management due to this, the respondents agreed that their performance have improved due to this changes. The appointment of new board members has also contributed positively to improved staff performance in the organization. This is through their efforts to formulate policies and pass laws that enable staff to get satisfactory

remunerations according to the work they do and terms of service. Also as part of their contribution change in policies has been effective hence enabling efficiency and effectiveness in service delivery which in turn enable staff to work without constraints, due to this their performance has greatly improve. Despite the positive impact in staff performance which arise from change in management, some respondents elaborated that change in management can also have negative impact in staff performance due to sudden change in status quo. The shift from the old managers' direction to a new management direction affects the performance of some staff negatively in the short term. This is due to the period in which the organization and its staff require to adjust to the new management principles that the new management may come up with.

On change in policies, rules and procedures and staff performance, the respondents stated that this has led to mixed reactions in relation to staff performance. The study established that introduction and amendment of rules, policies and procedures has led to improved performance according to majority of the respondent. The study established that change in polices has led to introduction of new ways of operations like introduction of technology in the organization. Due to this the rate and efficiency in work place has improved hence leading to improved performance by staff.

Amendment of polices also led to staff motivation which culminate to improved performance. Due to introduction of new policies there has been review of remuneration packages for staff which has motivated them therefore leading to improved staff performance. New policies have also provided a good guideline which should be followed in service delivery. On the contrary also the study established that changes

come with negative impact to performance especially when the policies were not communicated well to the staff before implementation. When there is improper sensitization about introduction and change in policies, staff performance will be hindered since they don't get to understand the reason behind the changes in policies. Hence it was established that organization change should be communicated through the right channels to avoid resistance to change which led to reduction on performance.

Generally the study established that the strategic changes implemented at NHIF has positively improved the performance of staff in the organization and that there has been progressive improvements in services delivery and staff performance over time as various aspects of the change are implemented in the organization. This positive impact on staff performance has been witnessed and appreciated despite little resistance experienced during the fast stages of change implementation process.

4.9 Challenges of strategic change implementation

There were various challenges in the implementation of change management strategy at NHIF First; there was resistance to change among the staff especially some management staffs that were afraid of the change process. This resistance led to less contribution from some members in management on issues dealing with the change program. Some of the reasons for resistance were fear of the unknown. Change in the organization was perceived as a threat to the normal operations of the staff. Another challenge faced during the change process was financial challenges. This is the amount of money required for change to be implemented successfully. Change in technology for example required a lot of funds having in mind the size of the organization and the operations it undertakes.

The study also established that government policies and procedures as a challenge. Since NHIF is regulated by the government of Kenya, decision making including need for and implementation of change should be done according to the government directives and guidelines. Due to this the change process faced huddles due to the protocol involved in making change leading to delays in change formulation, implementation and evaluation.

4.10 Resistance to change

Resistance to change is the action taken by individuals and groups when they perceive that a change that is occurring as a threat to them. The threat need not be real or large for resistance to occur. In its usual description it refers to change within organizations, although it also is found elsewhere in other forms. Resistance is the equivalent of objections in sales and disagreement in general discussions. Resistance may take many forms, including active or passive, overt or covert, individual or organized, aggressive or timid.

The research sought to establish if the organization witnessed resistance to change. During formulation, implementation and evaluation of change management practices. From the findings, the respondents attested that resistance was indeed witnessed in the organization. This was mainly common during the initial stages of a particular change process. The respondents elaborated that staff did not feel the need to adopt the new changes compared to the usual way they have been operating. This therefore made staff felt they were not ready to change the status quo. According to the findings, respondents cited job security as the main reason of resistance to change, also lack of clear communication and understanding about the need to undergo change and the staff were

not able to relate the investment on change to the returns. Fear of underperformance also was cited as a reason for resistance. For example introduction of new products and new and technology made the staff develop fear of underperformance since they were used to certain ways of doing things.

4.11 Overcoming resistance to change

Having established that there was resistance to change in the organization, the interviewer went further to find out how this resistance to change was overcome by NHIF. The respondents explained that the most frequent solution which was used for dealing with resistance to change was to get the people involved to participate in making the change. But as a practical matter participation as a device to overcoming resistance to change was not a good way of dealing with the problem since it could lead to slow decision making process. But the respondents elaborated that this was the most effective way of ensuring minimal resistance to change at NHIF. It was established that another method used to overcome resistance was through intensive trainings and sensitization of staff in the organization. By doing this most staff got to know why there was need to implement strategic changes in the organization. The trainings were meant to clarify areas which staff felt as not clear and also acted as an opportunity for them to raise any question or seek for clarifications on the areas which they felt not comfortable.

Also negotiation was cited by respondents as another method adopted in overcoming resistance this was through a round table discussion and seeking to know from all stakeholders about their views on an eminent change and how they could contribute positively in enhancing the success of it. Coercion was used to some extent according to

respondents. For the seek of achieving the objectives of the organization and its clients, those who were not able to accept change after all the negotiations, trainings and participations were done had no option other than being coerced to accept and implement change. According to the study this method was rarely used since those involved were few.

4.12 Discussion of the findings

From the findings, the study deduced that NHIF has adopted strategic change management practices, the organization expects an improved communication system when it comes to managing change in future, improved decision making, resource allocation and performance. Most government and private organizations have senior management team responsible for formulating the strategic change management policies and practices this according to the findings was also true to NHIF. This is in agreement with Bryson (2004) that strategic change management aims to achieve a number of objectives such as increasing responsiveness to organizational environment, enhancing level of staff participation and empowerment and increasing employee self-esteem and morale.

The study also found that change was communicated effectively within the organization and trainings were and still conducted to build knowledge about the change and the required skills, this ensured that the changes implemented faced minimal resistance thus enabling it be adopted easily through proper understand of the need to change. Action plan may include items such as improving communication so that all the organization members may be aware of the need for change and the nature of changes being made Al-

Khouri (2010). Cummings & Worley (2009) indicated that organizational changes frequently demand new knowledge and skills and behaviours from organization members. In many cases, the changes cannot be implemented unless members gain new competencies.

The study also established that adaptation of strategic change management practices at NHIF was aimed at ensuring that quality and efficient services delivery was achieved in the organization. Also aimed at expanding its operations to cover wider scope compared to the past when their scope of service was narrow. On the process of formulating, implementing and evaluating change, the study found that change cannot occur on its own rather there were those who took part in the formulation, implementation and evaluation of change strategies adopted. Due to this the research sought to establish how these agents of change who were the staff were affected in their performance. It was therefore clear that the change process had both positive and negative impact on staff performance at NHIF ranging from hard work and motivation to increased accuracy and efficiency but on the contrary led to increased workload resulting from introduction of new products hence negatively affecting staff performance due to the time required to adopt and adjust to the changes introduced according to Lewin is the refreezing stage.

According to Burnes (2004), resistance to change is a complex issue facing management in today's dynamic and evolving organizations. It has been identified as a critically important contributor to the failure to the organizational change. In line with this, the study found out that personality and fear of unknown contributed to the challenges in adoption of strategic change management at NHIF to a great extent as employees tend to

refuse new responsibilities brought about by change, which led to resistance in implementation of change as most of the employees were comfortable with the organizations status quo. Also the study established that proper communication and extensive trainings on the need and importance of change was a pillar in ensuring that change was a success at NHIF and minimal resistance to changes witnessed.

CHAPTER FIVE : SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter focuses on summary of findings as highlighted in chapter four and presented based on objectives of the study and gives the conclusions and recommendations. Objectives of the study were to determine the strategic change management practices adopted at the NHIF Kenya and the effect of change management practices to staff performance.

5.2 Summary of Findings

According to the interviewees numerous changes and massive transformation had taken place at NHIF, they include introduction of new management like Board of governors and appointment of new CEO, change in organizational structure which was done mainly through a restructuring process, introduction and revision of policies rules and procedures and also the introduction and upgrading of technology as strategic changes adopted by the organization. These changes continue to be felt and implemented even today hence change is a continuous process. The driving force to these was the need to improve service delivery and expand operations in the organization.

All the respondents concurred that since the changes begun being implemented in the organization, workshops and seminars are always held to create awareness on these changes and inform employees and stakeholders on how far they've come in terms of goal realization and what needs more effort. It's in these workshops and seminars that staff get a feeling of being part of the change and that their input is equally important.

According to the study, the respondents cited the impact of these strategic change management practices to staff performance and it was established that staff performance were affected both positively and negatively where their performance improved due to introduction of technology, and through restructuring process where some departments were merged and other new ones created. But apart from that, performance was hindered due to fear of the changes being implemented which include transfers to new branches and relocation to new departments which led to a sense of performance anxiety and uncertainty.

According to the interviewees one of the greatest threats to the transformation taking place at NHIF is losing the change drive. A technical composition and representation of all departments was set up to oversee this transformation and to keep check of activities within the organization to ensure all activities are directed towards achievement of set goals. Also resistance to change was cited as one of the challenges faced during adaptation of change management practices this was attributed to fear and lack of clear understanding of the need and importance of introduction and implementation of change at NHIF.

5.3 Conclusion

According to the respondents all the changes which have taken place at NHIF were for the better. This is clearly indicated by the improved service delivery, for example, initially service providers like hospitals given the mandate by NHIF used to complain of delay payments, this was so because of the many officers who were involved in approving the payments, today the payment process is short and clear where service

providers don't need to come to NHIF offices in order for their claims be deposited in the bank, this are have been made easy through automation of procedures which has quickened service delivery and reduced on the bulkiness of paperwork which was involved in payment process this was achieved through introduction of EFT services.

This study concluded that there's need for the NHIF to heavily invest in training its employees so as to have necessary skills. Currently there are lots of activities at NHIF which has risen due to change which needs professional skills and majority of the employees may be lacking these skills. Employees resisted adopting change for fear of the unknown outcome, likelihood of economic downfalls and possibility of an end to social relationship. With continuous awareness on the benefits of embracing change, resistance could be minimized among employees. This study concluded that despite these changes taking place, the people who crusaded for change, managed change and tirelessly worked to make it a dream come true should be recognized and rewarded. There's need to reward those who actively participate in realizing of set goals, this serves to motivate them. This also study concluded that even the most rigid of institutions have to undergo massive transformation and change if they are to remain meeting its objectives and offering quality services to their clients, otherwise any organization which doesn't impress the spirit of change was outdated and possibly eliminated from the industry by the competitors due to the cut through turbulences and competitions in the economy.

5.4 Recommendations

Having established from the research findings that various strategic change management practices has been and is still implemented at National Hospital Insurance Fund. And that

this changes as far as it has had positive impact on the performance the organization, the findings also established that the strategic changes has had both positive and negative impact on the performance of staff. A part from establishing the strategic change management practice and its impact on staff performance, the study also established the challenges which were faced during formulation, implementation and evaluation of the strategic management practices and how they were mitigated.

From the finding it was recommended that the organization should invest more time and resources on strategic planning and enhance their communication structures whenever they are in the process of introducing change in the organization. This will enable the staff to be aware of the importance and the need for change hence reducing the level of resistance in the organization towards change. It was also recommended that since change is a continuous process at National Hospital Insurance Fund, a change management committee should be instituted permanently comprising of representatives from the various department to follow up on the progress of change and to help in Strategic formulation.

5.5 Limitations of the Study

One great limitation of this study was that the respondent being top and middle level managers, this made the researcher have very limited time for the interview per person due to the nature of their jobs and tight schedules. And this called for one to rush through the interview guide with a lot of care so as to cover all the questions extensively without leaving out any important information. But what was appealing is that almost all respondents seemed to have similar responses to the questions and equally shared similar

experiences with regard to change management this showed an indication that the respondents were fully aware of the changes which occurred and even took part in it.

Another limitation to this study is that when the research was being conducted most of these changes were still taking place, some of the strategic change management practices were still on trial basis and it was not easy to make a conclusion that it was that particular practice adopted which made managing change a success for example change in policies to introduce new NHIF rates which is still in its early stages of implementation also restructuring process and technological upgrade was not easy to link this changes to the performance being witnessed thus required more probing.

5.6 Suggestions for Further Research

This study focused on strategic change management practices adopted at NHIF and staff performance where it sought to find out the strategic change adopted and the impact of the same on staff performance. This study was done when changes were still taking place and Changes are still experienced even now, therefore there is need to carry out a further study on which other changes that will take place after this study. Further study should look at how to reduce resistance of change in change management process and ensure that all stakeholders are happy with the change management process. The researcher further recommends that a similar study be done on the private sector institutions for the purposes of benchmarking since the operating environment has become very volatile following the high level of globalization effects on organizational performance and also to establish how staff performance is affected by change at private sector.

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APPENDIX: INTERVIEW GUIDE

SECTION A: RESPONDENT'S PROFILE

- 1) Gender of the respondent Male () female ()
- 2) State the position you hold in the organization
- 3) Department
- 4) The number of years you have served the organization.....years.

SECTION B: STRATEGIC CHANGE MANAGEMENT PRACTICES AND STAFF PERFORMANCE

- 1) In the recent past did your organization appoint or implement change in management?
- 2) Why was this change important to be implemented in the organization?
- 3) How did the change in management affect the performance of staff at NHIF?
- 4) Has there been any organizational restructuring in the organization?
- 5) What motivated the management to implement organization restructuring and what importance was attached to it?
- 6) How did organizational restructuring affect performance of staff?
- 7) On technological changes has there been introduction of new technology or upgrade in the organization, what are examples of this
- 8) Why was it necessary to introduce/upgrade the technology?
- 9) What was the impact of technological changes on employee performance?
- 10) Has there been revision or introduction of new policies and rules governing the organization?
- 11) What necessitated this change and how important was it to the organization?
- 12) How has introduction of new rules and policies affect staff performance?

13) Are there other strategic changes implemented by your organization? Explain

14) Why were the above strategies important to be implemented in the organization?

15) Generally, how did the above strategies affect performance of staff in the organization?

16) Was there resistance to these changes in the organization? Explain.

17) How did the organization manage the resistance?

.....**END THANK YOU**.....