

**MANAGING THE PEOPLE DIMENSION OF CHANGE AT THE
NAIROBI SECURITIES EXCHANGE, KENYA**

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**A RESEARCH PROJECT PRESENTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION,
SCHOOL OF BUSINESS UNIVERSITY OF NAIROBI**

NOVEMBER, 2016

DECLARATION

I declare that this project is my original work and has not been presented for award of a degree in any other university.

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This project has been submitted for examination with my approval as University of Nairobi supervisors.

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ACKNOWLEDGEMENT

I wish to express my sincere gratitude to the special people who extended their help for the success of this study.

First, the almighty God for the good health and sufficient grace through the entire period of my Master of Business Administration. Second, I wish to acknowledge my supervisor Dr. Vincent Machuki for his professional guidance right from the proposal stage to the completion of this thesis. Thank you and God bless you.

My heartfelt appreciation goes to my husband Mr. Jack Gimona for his understanding patience and encouragement. My appreciation also goes to all my interviewees at the Nairobi Securities Exchange for according their valuable time to honestly and patiently answer my interview questions.

Finally, to my fellow classmates for being a constant source of encouragement and most gladly my friend and classmate Sam Ohanga for his knowledge, ideas and unwavering support.

DEDICATION

I dedicate this project to my husband Mr. Jack Gimona, my mum Teresa Nyaboke and my children for their valuable support throughout the course. To all my colleagues and classmates at the University of Nairobi Kisumu Campus, I thank you all for your contribution.

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ABSTRACT

Organizations worldwide are experiencing change in their dynamic and volatile business environment. The study objectives were to establish how the people dimension of change has been managed at the Nairobi Securities Exchange, to establish challenges faced in managing people dimension of change at the Nairobi Securities Exchange, to determine how challenges in managing people dimension of change at Nairobi Securities Exchange are managed. This study was a case study. Primary data was collected by the use of interview guide. The interview guide was developed along the objectives of the study and thus ensured that the right information was collected. Content analysis was used to analyze the data. The NSE had introduced strategic changes by involving the people as change agents as well as using new technology and systems such as the use of M-PESA technology and online systems that allow investors to trade securities via the internet. Clients were able to get information such as portfolio valuation, margin reports, contract notes, and stockholding reports especially the Kenyans abroad who were able to use the system and also participate in share trading in the country. The study established that the people were fully involved in all stages of change right from planning to implementation. The introduction of strategic change at NSE was characterized by employee resistance which was attributed to the fear for the unknown, the feeling on inadequate technological skills associated with the changes and fear of organizational changes. The challenge of employee resistance was managed by ensuring prompt and detailed communication to equip the people on what is expected of them and equipping them with the necessary information. The management at NSE was fully involved in the change process and they took an active role. The employees were trained in various aspects of strategic change at NSE as a measure to mitigate the change adoption challenges. The study recommends that the people dimension of change should be used as a strategy to bring change because of its inherent characteristic of inclusiveness of all the stakeholders that leads to reduced resistance. The other recommendation is that the organization introducing strategic changes should prepare all the people on the impending changes, sell the idea to them until they are in agreement, introduce the change gradually rather than rapidly and ensure there is adequate and effective communication among and between various parties. The challenges facing the strategic change process like the fear of the unknown and tendency to maintain the status quo can only be eliminated by adequate training and capacity building as well as sensitization. To mitigate the challenges of managing the people dimension of change in organizations, can be avoided if the management engages in a skills audit to identify the skills gap and offer the relevant skills. The suggestions to address the limitations of the study included an Investigation of the other dimensions of change in other corporations, study the change strategies used in other state corporations in Kenya and to determine the role of stakeholder participation in effective change management in public institutions.

ACRONYMS AND ABBREVIATIONS

CIT	Communication and Information Technology
CMA	Capital Markets Authority
CMMP	Capital market master plan
ETF	Exchange Traded Funds
IOSCO	International Organization of Securities Commissions
NSE	Nairobi Securities Exchange
REITs	Real Estate Investment trusts
RTGS	Real time gross system

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Organizations worldwide are experiencing change in their dynamic and volatile business environment (Burnes, 2004). In order for change process to succeed they must manage the people dimension of the change process as the people are the ones to implement change in the organization. Employees are responsible for the success of the change process because they are the key agents of change therefore it is important to manage their interests in the change process (Kotter, 2007). The success or failure of a change process will highly depend on the commitment that employees have towards the change initiatives in the organization. Attitudes, perception, norms and culture of an organization is critical in determining success of a change initiative that must be properly managed. Each employee must go through transition for success of the change process. Many change processes fail and neglect in managing people dimension of the change process has been claimed as the leading cause (Klein, 1996).

Lewin (1951) theory of planned change provides a basis for this study. The theory involves steps of unfreezing, changing and refreezing. The steps involve getting out of the status quo, moving towards a new desirable position and then anchoring the change (Harper, 2001). This theory will be important in detecting how people react to the change process. Open Systems theory is also significant as it argues that organizations operate like open systems interacting with the environment and also the subsystems within the organization interacting with each other (Cummings & Worley, 2009). These interactions

affect the people in the organization and will be highly significant in determining how they react to these changes.

Nairobi Securities Exchange has been experiencing changes and is currently continuing to do so in terms of their operations, ensuring capital market efficiency where investors have real time access to transaction statements, stockholding reports and contract notes. NSE has also adopted systems that allow investors to trade securities via the internet enabling them to securely place modify and cancel orders, view the order histories and order status in real-time environment. Clients are enabled to get information such as portfolio valuation, margin reports, contract notes, and stockholding reports. Kenyans in the diaspora are also capable to exploit the system and also participate in share trading in the country. Plans are also underway to develop an operational framework for implementation of hybrid bonds market that will be expected to provide a reporting infrastructure which shall be necessary to facilitate operationalization of an over the counter market (Capital Markets Authority, 2017). These changes have been taking place and therefore it has become justifiable to investigate how the people dimension to the changes is managed by the NSE.

1.1.1 Organizational Change

Different scholars have different definitions for organizational change. Ragsdell (2000) defines strategic change as the process by which organization continually creates a different desirable state of things which regard to coordination people to achieve the goals. Dalton and Lawrence (1970) viewed organizational change as a significant alteration of the behavior of employees in an organization. Levy and Merry (1986) argue that organizational change is the purposeful plan by the organization to transition into a

better future state. All the above authors agree that organization change involves the continuous change of an organization to better state. Organizational change therefore is the process by which an organization changes continuously to a desirable future state to attain competitiveness.

All organizations go through change. Organizational change can take two approaches. It can be emergent or proactively planned (Burnes, 2004). Organizations change can be proactively done by the management to take advantage of new markets and opportunities, emergent change is a forced change to react to environmental changes in order to survive and remain competitive. Those organizations that are effective at organizational change tend to succeed in the competitive business environment. Organizational change can be triggered both internally and externally and it affects a whole organization and its subsystems (Burnes, 1996).

Organizational change is important in ensuring that an organization is able to adapt to the changes in the external environment and achieve competitive advantage (Herbst, 1999). Survival of firms in the contemporary business environment that is characterized by a lot of volatility is highly pegged on organizational change. Firms that want to succeed and achieve their organizational goals must experience organizational change (James & Frank, 2015).

1.1.2 The People Dimension of Change

People dimension of change has been defined differently by scholars. Cunningham, et al. (2002) argues that it entails the people reactions to organizational change. Church, Siegal, Javitch, Waclawski and Burke (1996) argue that it is the activities of employees in

relation to the ongoing change processes in the organization. Burnes (2004) argue that it involves people aspects in the change process and how the change process affects the employees. All the scholars agree that people dimension of change entails how change process affects people and how they react to it. People dimension of change is how an organization undertakes change process putting into account people who are implementing the change process and those affected by it.

Change in organizations is implemented by the people who work in the organizations. There is need for the people to initially accept the change and change themselves to allow them to be able to implement the change process (Kotter, 2007). It is important for the management to closely monitor the people dimension to ensure that the people have accepted and are ready to implement the change in line with the organization goals. Attitudes, norms and culture in the organization are important aspects of the people dimension on change and need to be managed well. People must understand the change process and need for the particular change(Washington & Hacker, 2005).Managing people dimensions is significant during organizational change. Change cannot succeed without people who are the implementers of change(Washington & Hacker, 2005). More often employees prefer the status quo to be maintained therefore people dimension must be managed well to ensure that employees are aboard the change initiative. Success or failure of organizational change in any organization highly depends on how people are involved in the change process (Kotter & Schlesinger, 2008).

1.1.3 The Capital Market in Kenya

A capital market is a market that involves buyers and sellers trading in financial securities like equities, bonds, debentures and many more. The participants in a capital market can

either be individuals or institutions. The capital market in Kenya operates under the framework of International Organization of Securities Commissions (IOSCO) principles and the international best practices. The capital market in Kenya has been growing through the years proving ready market for bonds and stocks. The capital market has made it easy for organizations to accumulate capital through promotion of savings and risk and stimulation of industrial development (Capital Markets Authority, 2013). The capital market in Kenya is regulated by the Capital Markets Authority which is also responsible for the facilitation of necessary changes in the capital market. The licensed institutions in the Securities market in Kenya include Nairobi Securities Exchange, Central Depositories System (CDSC), Investment Bank, Fund Managers, Collective Investment Schemes, Authorized depositories, Credit Rating Agencies and Venture Capital Companies (Capital Markets Authority, 2013).

There have been continuous changes in the securities market in Kenya which includes automation of operations and market place, enhancement of investor education and awareness, adopting new technology like the M-PESA technology, buying and trading of securities online, introduction of risk based supervision, shortening of settlement cycle and introduction of the Real Time Gross Settlement System (RTGS) for settling large payments. The securities market is also in the process of developing a Capital Market Master Plan (CMMP) which is expected to provide direction on the Kenyan capital markets over the next 10 years (Capital Markets Authority, 2014).

1.1.4 Nairobi Securities Exchange

Nairobi Securities Exchange is the chief bourse in Kenya. It has been in operation from 1954 with the role of providing a trading platform for the securities listed on the

exchange and overseeing its member firms (Capital Markets Authority, 2013-2017). NSE works in cooperation with the Dar es Salaam Stock Exchange and Uganda Stock Exchange. NSE has been undergoing transformation since its formation and is currently going through several changes in its structure, scope and operations (Nairobi Securities Exchange, 2016).

Nairobi Securities Exchange is experiencing changes in their daily operations. The exchange is striving to avail new products including adoption of a Real Time Gross Settlement System (RTGS), Exchange Traded Funds (ETFs), Financial and Commodity Derivatives and Carbon Credits.(Nairobi Securities Exchange, 2016). NSE is also adopting new ways and systems such as the use of M-PESA technology and online systems that allow investors to trade securities via the internet. Clients are also enabled to get information such as portfolio valuation, margin reports, contract notes, and stockholding reports. Kenyans abroad are also enabled to exploit the system and also participate in share trading in the country (Capital Markets Authority, 2013-2017).

1.2 Research Problem

The dynamic environment has made change significant for organizational success. The process of change is not usually a smooth process (Burnes, 2009).Employees usually experience certain challenges in the process which include complacency to the status quo, threat of loss of authority, interference with the values and norms of the organization(Kotter & Schlesinger, 2008).Washington and Hacker (2005) argue that it is significant to ensure employee involvement in the initiation and implementation of the change and proper communication to them on the urgency of the change. Kotter (1996) argues that a change process must involve creating a sense of urgency and

communicating the change very well to the people and making them own the process. Burnes (2009) state that change must be embedded in the culture of the organization to ensure people relate to it to succeed. These scholars all agree that the management of human dimension of change is utterly important for the success of a change initiative but different organizations manage people dimension of change differently. Organizations do not experience the same changes and also the time frame of the changes vary from one organization to the other hence there is no agreed upon uniform way of handling people dimension of change.

The Nairobi Securities Exchange is undergoing changes through initiatives such as automations of their systems, installation of a surveillance system to monitor market changes and improvement of capital market infrastructure (Capital Markets Authority, 2013-2017). These changes are implemented by the employees in the organization. Management of the people dimension of change is important to ensure that NSE is able to implement the change successfully. There is need therefore, to investigate how the management of people dimension of change is undertaken to ensure the people are part and parcel of the change process.

Numerous researchers have researched on this concept but in different aspects of this context. Brück (2002) on his study on organizational change management observed that people are not likely to change the way they have been successfully working hence resisting any change. He further observed that resistance is a natural reaction thus communication of the proposed changes and participation of the people are common and key means of addressing initial fears and to build trust. Okorie (2009) on the other hand looked into the use of appropriate strategies for change management thus observing that

managing change involves identifying employees training and development needs. D'Ortenzio (2012) in his study stated that change and change management processes and practises differ in varying degrees thus it is important for the organization to build positive relationships that will provide a strong basis to manage any crisis during change and gear the organization for any possible resistance scenarios. It is therefore important to conduct a study on the aspect of people dimension of change. Other studies have been conducted on people dimension of change but in different contexts. Hallgrímsson (2008) studied people's attitudes during a change initiative in three Icelandic government organizations hence concluding that change readiness increases as measured levels of job satisfaction increase and also change readiness increases as uncertainty decreases. Shiyenzi (2015) observed that there was need for awareness before any changes take place in the organization. This creates both desire to initiate the change and reduces resistance to the change. He further observes that communication of the changes is necessary and all employees should be involved from the beginning. Bwaley (2014) in his study revealed that by engaging employees through the change process by creating awareness of what needs to change, what is in it for them and training them to be ready for the change provides a smooth transition and by rewarding those who go beyond their means and recognizing their efforts helps in reinforcing the change. Hence the relationship an organization has with its people determines the extent to which the organization achieves its mission. Murugi (2013) further observed that employees and the entire organization should be involved in the change management process, while Mungai (2011) in her study concluded that training and equipping employees with the necessary skills helps in managing resistance to change and fear of the unknown. These studies

therefore show that the researcher focused on different aspects of change management but under different contexts. This has made it necessary to carry out this study in the context of NSE. Other studies have been undertaken in the same context but on different conceptualization. Letting', Aosa, and Machuki, (2012) studied board diversity and performance of companies listed in the Nairobi Stock Exchange. Anyumba (2010) studied on an empirical test of the random walk model for the Nairobi Stock Exchange (NSE). Ogendo (2014) did her research on knowledge transfer, strategy content, external environment and performance of companies listed in the Nairobi Securities Exchange hence concluding that knowledge transfer has significant effect on both organizational performance and strategy content. The studies are conducted in the Nairobi Securities Exchange making the people dimension of change a necessary gap to be studied.

The cited studies delved on different aspects of the concept of change. This has led to knowledge gaps on the aspect of people dimension of change. Other empirical research work has also been carried out on the concept of change management however in different contexts. That necessitated the researcher to carry out the same concept in this context. Studies have also been undertaken in the NSE with different conceptualization creating the need to carry out a study on management of people dimension of change. The Nairobi Securities Exchange was chosen for the study because it was rebranded from the Nairobi Stock Exchange which was being owned specifically by the stockbrokers only to the Nairobi securities exchange which is now owned by the public. The Nairobi stocks exchange used to trade in shares only but after the inception of the Nairobi Securities Exchange more products were introduced like the treasury bills, debentures, REITs and the futures & options. This study therefore investigated how management of

people dimension to change is undertaken at NSE. How has NSE managed people dimension of change?

1.3 Research Objectives

The study objectives were:

- i. To establish how the people dimension of change has been managed at the Nairobi Securities Exchange,
- ii. To establish challenges faced in managing people dimension of change at the Nairobi Securities Exchange,
- iii. To determine how challenges in managing people dimension of change at Nairobi Securities Exchange are managed.

1.4 Value of the Study

The research will build on the existing theories on management of people during change process. It will therefore benefit future researchers on the future studies on the concept and will also be used to validate earlier researches.

The study will also be of importance to the Capital Market Authority (CMA) which is the NSE regulators and facilitators of development. The findings will guide the regulators on how well the NSE is managing people dimension of change and the challenges the managers' face in the implementation of the change.

This study will enable the management of NSE to understand how to manage the people dimension of change. They will be equipped with information on how best to manage the process of change with regard to the people who are affected by it and who are implementing the change. The management will also be well equipped with information

on the resistance to change by the employees and they will learn how to handle it. The study is therefore of significance to managers in handling people dimension to change.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In this chapter the researcher will present a literature review on organizational change, and people dimension of change. The review shall be based on the theoretical, conceptual and empirical literature with the intention of bringing out the elements of people dimension of change. The theoretical anchorage with which the study is anchored will also be discussed in this chapter.

2.2 Theoretical Anchorage

The two theories anchoring this study are Lewin (1951) theory of planned change and open systems theory. Kaplan (2007) argues that the business world is continuously evolving and what worked earlier may not necessarily work now. It is therefore imperative for organizations to have planned change by changing the old behavior to new behavior as advocated for by the Kurt Lewin Theory (Burnes, 2004). Lewin (1951) theory of planned change states that change takes place in three steps. The steps are unfreezing step that argues that the old behavior of the organization that are undesirable and people become willing to learn new behavior. The second step is the changing step involving the introduction of an appealing behavior to the organization. Finally, is the refreezing step whereby the new behavior is reinforced in the organization either informally or formally (Lewin, 1951). This theory is imperative as the people in an organization need to go through the steps necessary in making change successful.

In addition to Lewin (1951) theory of planned change, open systems theory is also significant in anchoring this study. The theory argues that organizations interact with each other in the environment and also within the several components in the organization.

Change therefore occurs so that organizations can be able to adapt to the dynamic environment which they are continuously interacting with (Emery, 2000). The open systems theory argue that sustainable success can only be achieved when organizations change in relation to the interactions with their external environment therefore it is of high significance for the people in organizations to change in line with what is happening in the external environment (Scott, 2002).

2.3 Organizational Change

The success of any organization in the current volatile business environment is highly dependent on embracing change in the organization (Abrell-Vogel & Rowold, 2014). Organization change is the continuous process with which an organization transitions itself and the people for a better future position (Ragsdell, 2000). Organizations and individuals must change and adapt to the changes surrounding them since that is the surest way of ensuring survival in the ever changing business environment.

Balogun & Hailey (2004) state that organizational change can be of four types within two dimensions of nature of change and extent of change. Nature of change includes incremental change which is built on the current routines and culture within the organization and Big bang which is an occasional and fast change. it often occurs during crises or when there is need to change a direction fast. Under extent of change there is realignment which is change within the existing culture and transformational which requires a change in the culture. The four types of change therefore include adaptation, reconstruction revolution and evolution. Adaptation occurs incrementally within the existing culture while reconstruction maybe rapid but does not affect the culture too much. Revolution is rapid and requires a culture change while evolution is incremental

but requires a culture change. Murugi, (2013) in his study found out that incremental change within the same culture is more conducive to employees in adapting to change initiatives.

Several drivers of organizational change exist. Brown and Eisenhardt, (1998) argue that advances in technology, changing needs of stakeholders and economic pressures are major drivers of organizational change. They further argue that change in consumer tastes and preferences, regulatory changes and changes in the industry also contribute to the need for organization change. Bloodgood and Morrow Jr, (2003) argue that organizational change is highly influenced by the environmental structure, internal conscious awareness and organization knowledge and they interlink to shape strategy formulation.

2.4 People Dimension of Change

For any change process to succeed the support and commitment of employees is mandatory (Seo, et al., 2012). People must be part of the change initiative and to ensure that they are part of the process it is important to ensure that they perceive the change process as having more incentives for them than negatives (Hiatt, 2006). The initial step in ensuring success of the change initiative is therefore ensuring that the people to implement the change are ready and willing to work for the change objectives (Pugh, 2007). Human dimension of change together with the hard aspects of change such as organizational structure and technology must be in synchrony for the success of change.

The effect of change is different to different people and therefore it is important for the change agents to understand how change is affecting each individual and what is necessary to ensure they are on board into the change process. People hold different values, norms and beliefs that highly affect how they adapt to change and these must be

put into consideration in the process of change (Kotter, 2007). The structure and nature of the organization system also affects how change affects people and it is important to look into the organizational structure. Gaining commitment of the people in the change process will ensure resistance is highly reduced and hence chances of the change to succeed are improved (Matos, Simoes, & Esposito, 2014). D'Ortenzio, (2012) in his research found out that resistance to change is more often as result of lack of awareness of the need for change and lack of the knowledge of implementation.

2.5 Management of the People Dimension of Change

As the organization is changing there is need to manage the process to ensure that the challenges that arise during the process are handled well (Gill, 2002). Organizational change is usually complex and it is significant to divide the process into phases and develop to allow for easy management of the process (Burnes, 2009). Change management entails finding out the need for change, what are the necessary areas that need to be changed and the measures used to measure the change, the approaches necessary for implementing the change including the models and techniques for the change.

Change process should be all inclusive. It should not be carried out in a top-down approach whereby the top management makes all the change decision that are supposed to be introduced and forces the changes upon the employees who are supposed to be the implementers. All planning in relation to change should be vertical horizontal hence helps in creating a sense of ownership in the change process on the part of the employee (Collins, 2001)

An organization is a collection of people and what the organization does is done by people. Hence these people should be fully involved in any change process that the organization is planning to undertake. Many of the human problems of organizations can be identified as conflicts between individual human needs and the changes imposed on them in the interests of the organization at large (Buchanan and Huczynski, 2006). Many change projects fail due to neglect of the human dimensions of change. This neglect often centres on a lack of insight into why people are unhappy with organizational change, a poor appreciation of the process of change, and a limited knowledge of the tools and techniques that are available to help in the change process.

Hiatt (2006) argues that the ADKAR model is necessary in the people dimension of change. He argues that the model which has five building blocks of awareness for change, desire to implement it, knowledge on how to implement the change, ability to learn new skills and reinforcement of the change into the organization. ADKAR model as proposed by Prosci Inc. (2012) is a model that is important in ensuring individuals successfully change to ensure success of a change process. It is goal-oriented in nature and allows change management leaders to focus their activities on specific results. The model is an acronym of the five building blocks for success of change and they include awareness; the change management is responsible of creating awareness of the organization is doing or planning to do hence the employees would have an insight of what is happening. Desire; At this stage it is necessary for the people to know what is in for them and what is expected of them. After the people are aware of the proposed changes, the change management leaders are supposed to create the desire for the change hence making them to be ready and willing for the forthcoming changes. Knowledge; It is

mandatory for the people involved in the change process to be well informed on how to carry out the changes by acquiring the expected knowledge, expertise and skills needed to implement the changes hence the need for proper communication through seminars and trainings. Reinforcement; finally ability to implement new skills and behaviour and also manage the change should be ensured by the change leaders. Motivation by way of rewarding, encouragement and recognition is necessary in order to help keep the changes in place. The model encourages communication with all the stakeholders and access to information about the change. Individuals must also know how the change will affect them. The existing knowledge base of the individuals is significant and so is the physical and intellectual capability. There is need to ensure all individuals are buying the change process in the long term. D'Ortenzio, (2012) realized in his study that these building blocks play a key role in the success of a change process. Bullock & Batten, (1985) argues that change can be managed in four broad stages. The stages are; exploration phase, planning phase, action phase, and integration phase. Exploration phase is where awareness for the need for change is created and solutions sought; planning phase involves the understanding of the problem, collecting information, setting change goals and designing the action plans; the action phase is the arrangements made for managing the change and the feedback processes and the final stage is the integration phase where there is consolidation and stabilizing change in the organization. (Hallgrímsson, 2008) found out in his study that these phases are critical in the change process.

Lawler and Worley, (2006) argue that for people to support change their must be transformational leadership that is able to inspire them with vision however, it is important to note that the major reason employees go to work is for remuneration.

Therefore, they affiliate success of a change initiative with the pay structure of an organization. Kotter, (2007) asserts that there is need to have people who have already bought the change idea to lead the rest and make it significant to communicate the change process well to the employees. He further argues that empowering the employees is also key in ensuring success of the change process.

Kiedrowski,(2001) rightfully points out the common mistakes in leading change to leaders failing to understand and take on their role as change agents,the human element of change not adequately addressed,cultural forces ignored or misunderstood and there being no clear improvement measures.Hence the more the changes an organization undergoes the more the stress people and the organization experience.The change leaders in the organization should be concerned with the way employees relate to or react to the nature and direction of the proposed changes as they can either decide to be significant facilitators of the strategic changes or stumbling blocks to the changes.Managers must use leadership strategies of influencing,inspiring and encouraging staff.The employees should be openly communicated to so as to reduce the anxiety levels on the proposed changes in the organization.

2.6 Challenges of Managing the People Dimension of Change

Organizations generally adopt strategic change to improve on the performance and to adapt to the change in the external environment (Del Val & Fuentes, 2003). However, people always tend to resist a new way of doing things in the organization. Resistance to change is seen as the major cause of failure of several change efforts (Matos, Simoes, & Esposito, 2014). Resistance affect change process in that it can delay, obstruct its implementation, slow down its beginning or increase the cost of implementing it.

Therefore, to avoid failure of change, management of the people dimension of change is very important (Kotter & Schlesinger, 2008).

When trying to make improvements in an organization, gaining the commitment of the people who are likely to be affected by the change is paramount. Change agents should not assume that everybody will accept a change in the organization and they must plan on how to manage any resistance that may arise at individual level (Ford & Ford, 2015). Change managers must use resistance as an avenue of learning on aspects that have not been properly considered in the change process. The major reasons for resistance to change include uncertainty, low tolerance to change, lack of trust and misunderstanding, different assessments and parochial self-interest (Kotter & Schlesinger, 2008). In addition, Del Val and Fuentes (2003) argue that deep rooted values, low motivation due to past failures, communication barriers, cynicism poor strategic vision, incommensurable beliefs and departmental politics are also major causes of resistance to change. Resistance also manifests in groups. Groups usually possess group dynamics that all members of the group abide by. When this happens they behave in a similar way and hence they can resist a change initiative together. A change initiative that the groups think does not take care of their interests shall be resisted by the group as a whole (Lunenburg, 2010).

Resistance to change must be managed to ensure success of the change process. Schermerhorn (2010) argue that in dealing with resistance the change agents must ensure that people see the benefits of the change, the change must be very close to the values and culture of the organization, it must be easy to understand and it must be introduced progressively to allow people to adapt to it. Kotter and Schlesinger, (2008) state that

education and communication; participation and involvement, facilitation and support; negotiation and agreement; manipulation and co-option and explicit and implicit coercion can be used to manage resistance to change.

Resistance to change is also managed by indication of clear support of the change process by the top level management. People will always tend to take with seriousness what they observe their seniors taking serious (Matos, Simoes, & Esposito, 2014). Managers should be keen on how the introduced change objectives fits in with the culture of the organization. This strategic fit will help in reducing the resistance by the employees (Del Val & Fuentes, 2003). Importance and value of change must be reinforced making it known that it is an opportunity to improve on the organization to the benefit of all the stakeholders in the organization (Ford & Ford, 2015).

Belasco (1991) argues that there are four principles of change management which are important in ensuring that behavioral change is managed well. The four principals are need for sensing urgency, developing the vision for change, empowering individuals to undertake change and the execution of the change in the organization. Urgency acts as a trigger to make the people undertake change because they have a reason to do so. The vision which is widely shared enhances chances of the employees to buy in the change and hence reduced resistance. Empowerment enables employees to acquire the necessary skills and knowledge for the implementation of the change initiative. Empowerment also enables people to well understand the vision of the change. Self-directed work teams are necessary in the execution of change and hence execution must first of all ensure that all teams are in to avoid any resistances. Nyasha (2011) found out in his research that

empowerment and communicating the vision for change as a necessity in ensuring reduction of resistance to change.

2.7 Summary of Knowledge Gaps

Studies have been conducted on managing the people dimension of change. The literature review in this study has outlined that the concept of human dimension of change is important for the success of any organization undergoing change. The globalization of the world economies has resulted in high business environmental volatility necessitating various changes in organizations. To effect these changes, organizations must first understand how to effect individual change because people are the ones who implement these changes and without their acceptance of the proposed changes then failure is paramount.

Brück (2002) conducted his research in organizational change management hence observing in his study that for organizational change to succeed the management should ensure that there is communication of the proposed changes to the implementors and participation of the people which will help address the issues of employees fears and build trust that the change proposed is also to their benefit and not just for the organization only. Okorie (2009) also conducted her research on the management of organizational change by the use of appropriate strategies concluding that for a change process to succeed in an organization the change managers should ensure there is a strategic balance between the change leaders and the implementors of the change who are the employees. D'Ortenzio (2012), focused his study on the knowledge of employees understanding of the proposed changes. All these scholars studied different aspects of management of strategic change which made it necessary to conduct a study on the aspect

of people dimension of change, Bwaley (2014), studied the integration of both business and human dimension of change tackling both the systemic and behavioural changes during change management, Murugi (2013), on the other hand did her study on human dimension of change but on a different context which is universities, Mungai (2011) studied management of people dimension of change in Kenya Power and Lighting. Letting', Aosa, and Machuki (2012), studied the relationship between board diversity and financial performance of the listed companies at the Nairobi Stock Exchange. Nonetheless there is no study that has investigated the management of people dimension of change at The Nairobi Securities Exchange hence this shall be the basis of this study.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter will bring out the research methodology that was used in conducting this study. These included the research design, data collection and data analysis.

3.2 Research Design

This study was a case study. Mugenda and Mugenda (2003) defines case study as research approach that attempts to achieve an in-depth understanding of a phenomenon. It was an important design in finding out how people dimension of change is managed at the Nairobi Securities Exchange. Yin (2003) argue that a case study is significant when the researcher needs to find the answers to the how and why questions in the real life context.

A case study gives attention to study the context wholly. It gives an in-depth analysis of limited events. It is therefore a powerful technique of analyzing qualitative data irrespective of the single unit that the researcher is studying. It is an important technique that allowed the research to study in-depth how people dimension of change is managed by NSE.

3.3 Data Collection

Primary data was collected by the use of interview guide. The interview guide was developed along the objectives of the study and thus ensured that the right information was collected. The interview guide was used to collect data from the heads of Human resource, Operation & Administration, Communication and Information Technology at the Nairobi Securities Exchange. Face to face interviews were used during the process.

Interviews allowed for collection of in-depth information on the objectives of the study. It also allowed the researcher to better understand the information being collected and hence a more comprehensive interpretation of the data collected (Mugenda & Mugenda, 2003). The interviews were conducted in a way that enabled the researcher to understand how people dimension of change was managed at NSE and the challenges faced.

3.4 Data Analysis

Content analysis was used to analyze the data. Content analysis is a technique used to measure semantic content of the aspect of the message (Cooper & Schindler, 2003). Content analysis allowed the researcher to be able to institute patterns and the interrelationship of the variables in this study. The data was analyzed to bring out clearly the objectives of this study. The data collected in this study was mostly qualitative in nature thus capturing a qualitative picture of the interviewee's different emotions and ideas.

The researcher documented content that was selected from the interview guide from the answers gotten from the interviewees, detailed analysis from the interviews was set apart. From the feedback gotten, the researcher noted that some answers given by the interviewees during the different sessions regarding managing human dimension of change was hence similar hence setting aside all the answers that were similar regarding a particular aspect. The content was then divided into a number of sections and coded separately following the structure of the questions. The data was then interpreted so as to draw relevant conclusions in relation to the concept of the study. Data relating to each objective was analyzed to understand how people dimension of change was managed at

the Nairobi Stock Exchange. The results from the analysis were used to make inferences about the texts collected from the study (Mugenda & Mugenda, 2003).

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The researcher presents in this chapter the data analysis, presents the findings and discussions of the study on managing the people dimension of change at the Nairobi securities exchange, Kenya. The researcher conducted a face-to- face interview on the three key top-level management of the Nairobi Securities Exchange who had been with the organization for a period of ten years and above hence had been with the organization for a longer period as the changes took place.

The research sought to determine the general information of the interviewees that was thought to have a bearing on this study. The study focused on the organizational change at NSE, sought to establish how the people dimension to change strategy was managed at NSE and analyzed the challenges of managing the people dimension of change and mitigation strategies to control such challenges.

4.2 Organizational change an Nairobi Securities Exchange

The study sought to know whether NSE had undergone any strategic change in the recent past and one of the interviewee said;

“Yes and that it was adopting new ways and systems such as the use of M-PESA technology and online systems that allow investors to trade securities via the internet and enable clients get information such as portfolio valuation, margin reports, contract notes, and stockholding reports.”

The research required the interviewee to highlight the factors which influenced strategic change at NSE and it was observed that there was need for realignment of NSE operations in order to remain competitive. One interviewee however was of the view that;

“The driving force behind the strategic changes at NSE was the need to remain competitive and offer capital market efficiency to investors. The force behind the strategic changes was the CMA requirements for upgrade of services so as to include automation of operations and market place, enhancement of investor education and awareness, adopting new technology”.

While another interviewee said the strategic changes was as a result of changing investor needs. The other aspect the study investigated was whether the people were a priority as important drivers of strategic change. The study established that without giving the people a priority in planning for strategic change, then the process is bound to fail and also people dimension of change entails how change process affects people and how they react to it.

The study further established that the changes especially in the adoption of a Real Time Gross Settlement System (RTGS), Exchange Traded Funds (ETFs), Financial and Commodity Derivatives and Carbon Credits. The findings from the interviewees confirmed the information published in Nairobi Securities Exchange (2016) that the NSE has been undergoing transformation since its formation and is currently going through several changes in its structure, scope and operations.

4.3 Managing People Dimension of Change at NSE

The research sought to establish the change process at the NSE and how the management assisted in preparing them in coping with the changes as they strived to implement them. It was noted that in acquiring the people interest, the managers needed to exhibit transformational leadership that was able to inspire them with vision. This implied that there was need to exercise inspiring leadership that makes the people willing to engage in the change initiative. NSE experienced certain challenges in the process which included

complacency to the status quo, threat of loss of authority, interference with the values and norms of the organization. It was noted that the major reason employees go to work is for remuneration and that they affiliate success of a change initiative with the pay structure of an organization. Therefore to achieve the interest of the people in the change process, the manager noted that remuneration was an avenue.

The study further established that empowering the employees is also key in ensuring success of the change process. The researcher noted that change cannot succeed without people as implementers of change and that the success or failure of organizational change in any organization highly depends on how people are involved in the change process. All the interviewees however contended that the employees should be involved at all levels of change process, from planning to the implementation stage.

The NSE management was keen in the implementation of the ADKAR model in managing the people dimension of change hence the introduction of the training and development department which was basically for taking care of the employee training needs. An interviewee observed that the strategy was preferred as a way of minimizing employee resistance to change hence stating that;

“Inclusivity makes it easy to collect valuable ideas from the stakeholders and the inclusion of people in the change process creates a sense of ownership and belonging.

Another interviewee had similar sentiments but noted that inclusivity was a compliance requirement by the CMA meant to ensure effective change processes. The study sought to establish how the strategic changes that took place at NSE were planned for. One interviewee also noted that prior to the strategic change, adequate planning was done with

the aim of creating a sense of ownership among the employees so as to reduce resistance to change. The interviewee stated that;

“To create a sense of belonging and ownership of the changes at NSE, all the employees and other stakeholders were fully involved in planning.”

From the study the researcher observed that, the NSE management played an active role in creating awareness of the strategic changes. This was done so as to fully prepare the employees so that they are not caught by surprise. An interviewee highlighted that awareness on the need for change among employees was a prerequisite to successful planning towards strategic change at NSE. Another interviewee on the other hand noted that planning for change at the NSE was all inclusive and there was wide consultation among various stakeholders, diverse opinions were considered until a consensus was reached on what change was to be introduced.

An interviewee noted that;

“ The change managers should not assume that everybody will accept a change in the organization and they must plan on how to manage any resistance that may arise at individual level. He further emphasized that the major reasons for resistance to change include at the NSE was due to uncertainty, low tolerance to change, lack of trust, fear of the unknown and being comfortable with status quo”.

Therefore, equipping employees for change reduced the resistance by making the employees tolerant; it reduced uncertainty, inculcated trust among all the stakeholders and that is why the research further sought to establish how the employees were taken through the change process at NSE. In response to that one interviewee stated that the employees were initially made to understand the nature of the change and made to accept it. They were then made to implement the change process. Another interviewee stated that;

“The employee Attitudes, norms and culture in the organization were considered as important aspects of the change process considering that some had been with the organization for long. The employees were made to understand the change process and were encouraged to become part of it”.

Emphasis was made on the importance of the changes which included the introduction of new products and also systemic changes. There was effective communication to all levels of employees regarding the changes through trainings, seminars and meetings. An interviewee noted that once the changes had been effectively communicated to the employees, there was still need for the managers to create the change desire. This desire would make the employees to be ready and anticipate for the changes. This was done by the managers of different departments openly explaining to the employees the importance of the changes to the organization as a whole and to them as individuals. For example there was creation of three more departments while one department was faced out though this did not affect the employees negatively instead they gained by some being promoted whilst others were given opportunities of training for new roles. Trainings were done on specific to the roles the employees were each playing in the change process. An interviewee remarked that;

“Strategic changes at NSE require the employees to equip themselves with relevant skills so as to undertake the new tasks inherent in the adopted changes”

While another interviewee echoed a similar sentiment that the recent strategic changes at NSE led to employee mobility within the organization so as to take up new roles and responsibilities whereas the another interviewee remarked that those strategic changes at NSE affected the employees in the sense that their knowledge, skills and competences were required to effect the changes and therefore employees had to adjust to the new technologies by upgrading their technological and intellectual capability.

After the employees were equipped with the relevant knowledge then the management was supposed to bridge the knowledge-ability gap by providing the employees with the hands on practical experience though from the study the researcher noted that the NSE didn't have a chance of implement this due lack of enough time. Finally the researcher established that the NSE made sure to reinforce these changes by way of increase in remuneration, various trainings on one's area of specialization, monetary rewards on best performers and end of the year best employee awards.

The study sought to establish how the strategic changes that took place at NSE were planned for. An interviewee noted that prior to the strategic change, adequate planning was done with the aim of creating a sense of ownership among the employees so as to reduce resistance to change. The interviewee further stated that

‘‘To create a sense of belonging and ownership of the changes at NSE, all the employees and other stakeholders were fully involved in planning.’’

Therefore, since an organization is a collection of people and what the organization does is done by people then these people should be fully involved in any change process that the organization is planning to undertake because many of the human problems of organizations can be identified as conflicts between individual human needs and the changes imposed on them in the interests of the organization at large. One interviewee stated that the employees were subjected to the changes at NSE gradually rather than instantly. This gradual introduction of change prepared employees for new aspects of NSE and made them implementers of change and that change can be managed in four broad stages namely the exploration phase, planning phase, action phase and integration phase.

4.4 Challenges of Managing the People Dimension of Change at NSE

The study investigated whether the NSE employees resisted change and the findings were to the effect that all the interviewees agreed that there was some resistance from some employees. One of the interviewees however stated that the resistance was noted at the early stages of NSE strategic change and measures were put in place to overcome the resistance and ensure success of the change process. The employees were uncertain of the impact of the changes despite the constant assurance from the change leaders. Most of them were afraid of unforeseen occurrences like disruption of the status quo being that they were used to operating in the current normal way of things, others were scared of job losses due to the fact that with the introduction of online trading, some departments like the trading department would lose meaning hence the floor traders could be jobless. Some employees especially the older ones who had been with the organization for long were comfortable with the previous operations of the organization and hence did not want to embrace any changes. The introduction of online trading also posed a threat to some employees in that some employees were not technologically equipped and was too lazy to train despite the various trainings that the training and development department offered. When the interviewees were asked on what led to employee resistance to strategic change, one of them said;

“Changes within NSE start with key decision makers. It is up to them to communicate the details to team members and ensure all questions and complaints are handled before changes go into effect.”

This was attributed to the fact that as the information about change spreads through the hierarchy, details are sometimes skewed and members end up receiving inaccurate, second-hand information. Poor communication can therefore be attributed to the

resistance to change that was experienced” said the interviewee. Hence the researcher noted that open communication following the right channel was key in creating awareness to change so that employees are not made to operate on rumours. Another interviewee remarked;

“Organizations often solicit advance input to ensure that everyone has an opportunity to voice their ideas and opinions. The change management at NSE was therefore keen to avoid any spread of rumours by approaching the employees first.”

One of the interviewees was also of the opinion that conflict of interest of the top management often interferes with the ability to adapt to change in organizations. Some want to maintain the status quo to better advance their own personal agendas while others have different motivations. Therefore, when top managers act on their own self-interest, instead of the organizations greater well, the employees react by resist any changes proposed even if they are for the good of the organization.

The study noted that the major reasons for resistance to change include uncertainty, low tolerance to change, lack of trust and misunderstanding, different assessments and parochial self-interest. Therefore, a change initiative that the groups think does not take care of their interests shall be resisted by the group as a whole.

4.5 Mitigating the Challenges of Managing People Dimension of Change at NSE

The study further investigated how the employee resistance to change was managed at NSE. The main reasons for resistance to change are both behavioral and systemic. The research found that employees resist change. An interviewee noted that there was

employee resistance to change at NSE and stated that it was eventually managed. The interviewee further stated that;

“ One of the major reasons for resistance can be emotional turmoil that a change may cause especially if the past experiences with the change have not been positive”.

Another interviewee stated that clear support of the change process by the top level management enabled the employees and other stakeholder notice the seriousness the strategic changes were given by the top management making them to remain committed. People will always tend to take with seriousness what they observe their seniors taking serious as was indicated by one of the interviewees who explained that;

“ Employees generally feel comfortable in the environment that they are used to. They make decisions based on previous experiences and are likely to resist any change for fear of the unknown.”

Another interviewee stated that NSE management ensured that people were made to see the benefits of the change by the involvement of the top,middle and low level management. The employees after understanding the benefits of the impending changes in the organization, they unreservedly supported and remained committed to change.

According to one interviewee;

“The proposed change was made very close to the values and culture of the organization, it was made easy to understand and it was introduced progressively to allow employees to adapt to it”

The study investigated what the NSE management did to ensure that all employees were committed to the changes. The managers ensured that there was open communication on the intended changes and clearly outlined the importance of those changes to both the organization and the employees. The managers interviewed highlighted most of the time communication was done through brief meetings whereby employees were briefed of the

changes ahead and give time to ask question pertaining the changes without any bias on the manager's side. Employees were also encouraged to give their honest opinions whether positive or negative towards the changes. This was done through work groups whereby employees were put in small groups and each group was given a case scenario to solve. From this the managers could be able to understand the employees' feelings and learn some things from them without having to ask them to discuss them due to the fact that other employees are shy and might not be able to air their views in a big crowd but can easily work well in a small group.

The research also sought to establish how people were empowered before, during and after reinforcement of the change. An interviewee stated that the employees were adequately trained and equipped with necessary skills and knowledge on the requirements that were associated with the change. Another interviewee added that employees and all the other stakeholders were empowered by being involved in the change process and therefore aware of all the necessary information with which they based their decisions. Another one was of the opinion that making the individuals know how the change will affect them made them empowered and thus reinforced the changes.

The research investigated what the benefits obtained by equipping the employees to adapt to the changes were. The interviewees gave different responses. One interviewee noted that;

“ Equipping employees to adapt to changes makes the change implementation process smooth leading to the realization of the strategic change as intended”.

The interviewees' remarks implied that empowerment enabled the employees to acquire the necessary skills and knowledge for the implementation of the change initiative.

Empowerment also enabled the employees to well understand the vision of the change. Self-directed work teams are necessary in the execution of change and hence execution must first of all ensure that all teams are in to avoid any resistances and that empowerment and communicating the vision for change is a necessity in ensuring reduction of resistance to change.

That is why NSE introduced the changes in a gradual manner with full involvement of all the employees. Employee involvement strategy minimised the resistance. One interviewee made the following observation on management of technology related resistance. In organization when the change on technology takes place, employee resists the change for fear that the change will lead to technological unemployment. Generally, new technology is associated with education of labor intake and therefore they resist the change. For example, the introduction of computer in an organization means that employee will have to learn certain packages to work efficiently. They may not be liked by some employees and they develop negative attitude towards computer and resist them. Therefore, NSE managed this group of employee resistance by a little coercion and manipulation from their immediate supervisors. This was done by the supervisors use of threats of demotion to all those who were not ready to attend the computer trainings and pass well in the end of trainings examinations. The supervisors also manipulated the lazy employees by always giving weekly computer exercises to be done by the employees and hand over to the Training department for marking. The best performer was awarded hence making the rest to strive harder in the trainings.

4.6 Discussion of Findings

The NSE introduced strategic changes with the desire to offer better and modern services to clients within and outside Kenya. This was in agreement with Ragsdell (2000) who stated that strategic change is the process by which organization continually creates a different desirable state of things which regard to coordination people to achieve the goals. It was further established that change at NSE was purposefull and quality driven and this findings were in line with Levy and Merry (1986) who argued that organizational change is the purposeful plan by the entity to transition into a better future state.

The findings of the study also revealed that NSE was experiencing strategic change with the aim of achieving future competitiveness. This is in agreement with Burnes (2004) who established that organizations worldwide are experiencing change in their dynamic and volatile business environment but they are failing in change process due to challenges at the planning stage especially when the employees are not fully involved. This concurs with the above study in that the NSE did not start the change process without planning for its execution. They had a clear laid down manual on the intended changes and clearly outlined the steps that will be taken in order for them to achieve success in the implementation phase.(Collins,2001) advanced the use of vertical horizontal form of planning so as to create a sense of ownership of the change process all round the organization.

Shiyenyi (2015) also observed the need for awareness before changes are implemented in the organization. Awareness creates desire and employee anticipation of the changes hence reducing resistance. When the employees are made aware of the changes that are to take place in the organization and made to feel part of the changes then resistance is reduced. They are not caught by surprise by what is happening hence reducing on

anxiety. The NSE management made sure that all the employees were informed of the proposed changes earlier before and assured them of the benefits that were to be gained from the changes and asked for their full participation in order to achieve their goals. This was done by way of having meetings whereby the employees were taken through how the new way of operations was advantageous compared to the current method. Information was also shared via their organization emails so that at their free time they could read and internalize on the changes and come up with any other ways that they thought could be of value. Those with questions were given the audience to address their worries in the meetings or by approaching one of the change managers directly.

This study also revealed that the NSE embraced the people dimension of change and used this as its strategy to implement the changes. This was done by involving the employees right from the planning phase hence making the employees to feel part and parcel of the change process. This is in concurrence with Bwaley(2014) who also observed that all employees should be involved throughout the change process. Being that people are key implementors of change, it was important for the NSE change management to address the people dimension of change for the success of the proposed changes. According to Kiedrowski (2001) change leaders in leading change make several common mistake of failing in leading the change process which includes failing to address the human element exhaustively, ignore cultural forces like the organizational culture and lack of clear improvement measures. The above study portrays the NSE management as being key to addressing all this during the change process by the managers who were the change leaders actively involving the employees in the change process.

The study established that all the stakeholders were involved so as to ensure effective change within the NSE. The findings were in line with Kotter (2007) who observed that there is need for the people to initially accept the change and change themselves to allow them to be able to implement the change process since more often employees prefer the status quo to be maintained and that is why people dimension must be managed well to ensure that employees are aboard the change initiative. The NSE first established a sense of urgency by explaining to the employees the need for and importance of change their systems of operation. This was done by openly communicating to the employees how the organization will benefit from the proposed changes and how in turn they will also benefit as being part of the change process. The NSE chose to use the people dimension of change strategy as a way of implementing its changes in that taking into account that people are the implementers of change. The NSE sold their vision to the employees and decided to work with them in order to achieve this vision. The managers were the change leaders and hence had to own the vision first in order to convince the employees on the need for change. NSE empowered its employees through trainings in order for them to have the necessary skills to implement the changes and they also made sure to create short term wins by always rewarding their best change implement with monetary gifts or relevant trainings and conducting in-house trainings for the employees. Success or failure of organizational change in any organization highly depends on how people are involved in the change process (Kotter & Schlesinger, 2008).

The other aspect of the study investigated was whether the people were a priority as important drivers of strategic change. The study determined that without giving the people being a priority in planning for strategic change, then the process is bound to fail

and this was compounded by the fact that people dimension of change entails how change process affects people and how they react to it. It is in fact concerned with how an organization undertakes change process putting into account people who are implementing the change process and those affected by it. That is why NSE adopted the strategy of involving people in the strategic change process. This was in accordance with Washington and Hacker (2005) who also stated that the involvement of people is essential in implementing strategic change. Willingness to participate in the strategic change process was achieved by acquiring the people interest, the managers needed to exhibit transformational leadership that is able to inspire them with vision. The research established that change at NSE could not succeed without people as implementers of change and that the success or failure of organizational change in any organization highly depends on how people are involved in the change process and therefore employees should be involved at all levels of change process, from planning to the implementation stage.

The findings indicated that the reason why NSE management had to adopt a people inclusive change process was to minimize employee resistance to change. Murugi, (2013) in his study found out that incremental change within the same culture is more conducive to employees in adapting to change initiatives. At NSE, the change process was gradually introduced as opposed to rapid introduction of change. People must be part of the change initiative and to ensure that they are part of the process it is important to ensure that they perceive the change process as having more incentives for them than negatives (Hiatt, 2006). The study determined that the change process at NSE was effected after educating the stakeholders on the benefits of such changes to them. Human dimension of change

together with the hard aspects of change such as organizational structure and technology must be in synchrony for the success of change.

One other factor that was noted from the findings was good communication from the management to the employees on the impending organizational change made the change process smooth and reduced resistance. Similarly Lawler and Worley, (2006) noted that for people to support change their must be communication that highlights clearly the details of the change. On the other hand, the findings were in consensus with Shiyenzi (2015) who points out that communication is usually done often so as to remind the employees of the purpose and objective of the changes being that employees were used to the old ways of doing things sometimes lapse and go back to the old ways. Nyasha (2011) found out in his research that empowerment and communicating the vision for change as a necessity in ensuring reduction of resistance to change thus concurring with this study whereby the NSE emphasized on employee empowerment through trainings seminars.

Hiatt (2010) provides a five step model called ADKAR of managing people dimension of change which is used in guiding employees during the change process These steps are creating awareness for change, creating the desire to change among the employees, equipping employees with necessary knowledge on how to implement the changes, having the ability to implement the changes and reinforcing the changes long after the change process is over. From the above study, the researcher established that the ADKAR model were key in change process and similarly the NSE employed open communication, training and development and rewarding best change implementers in their change process.

The findings also indicated that NSE experienced employee resistance to change in the initial change process which was due to uncertainty from the employees and fear of the unknown. The study established that the employees did not want any disturbance of their status quo which contradicts (Buchanan and Huczynski, 2006) in their study where they observed that many of the human problems of organizations can be identified as conflicts that are between human needs and the changes introduced to the organization for its benefit. The NSE employees were used to the normal operating environment and were not ready for any change that could disrupt their normal hence the resistance.

The above findings also established that the older employees were more opposed to the changes in that they had been with the organization for long and hence were used to the old ways of operating. This is in concurrence with Mungai (2013) who noted in her study that the younger employees who had not worked long at Kenya Power and Lighting were more willing to embrace change than the older ones who had been with the organization for a longer period. The study also concurs with Bruck (2002) who noted in his study that people are not likely to change the way they have been doing things successfully hence resistance to change is a normal occurrence.

The study established that some employees' resisted change due to the fact that they were ill equipped technologically and some of the changes that were being introduced needed techno-savvy employees. These particular employees were also too lazy to want to go an extra mile of attending computer training that was being offered at the organization.(ford & ford,2015) noted that change leaders should not assume that all employes will accept change hence must work on how to manage individual resistance to change.

The above study clearly brings out the various strategies that the NSE used in mitigating employees resistance to change. Kotter and Schlesinger, (2008) from their study with various ways of managing resistance which the NSE put in to as they faced resistance from some of the employees. These strategies included;

First and most important the NSE used the strategy of Training and communication whereby the management of NSE engaged in selling the ideas of strategic change to the employees from the earlier stages in order to make them feel part of the change and engage in the implementation. Communication was also important to the NSE change management team in that they knew that in order for the employees to fully desire to participate in the change processes they had to be reminded always what was happening in the organization and why they had to be fully committed in the process. D'Ortenzio (2012) in his study pointed out that the understanding of employees regarding the change processes and practices differed in varying degrees thus not all employees will understand the importance of the change process at once and the change leaders needed to build a positive relationship with their employees so as to be in a position to deal with resistance. The change management engaged employees in meetings, workshops, seminars and various trainings whereby the employees were always reminded of the changes that were taking place and the benefits those changes had to both them as employees and the organization at large. (Murugi, 2013) in her study observed the importance of the frequency of communicating change to the employees so as to get the desired results. The department of Training and Development was formed which ensured that employees were trained on various different areas according to the roles they were each expected to play in the proposed changes. (O'korie, 2009) in her study concurs with

the study above in that for the management to effectively manage change, the organization should identify employee training and development needs. This ensures that employees are well equipped and ready to implement the changes without the fear of dealing with things they are not trained to undertake. This also deals with employee's uncertainty and fear of the unknown.

Another strategy used to mitigate employee resistance was by ensuring employee involvement and participation from the beginning of the change process. Employee involvement makes the employees to feel that they are part and parcel of the changes. Once the employees own the change initiatives then implementation of the process becomes easy for the change managers. The NSE made this possible by involving employees in all the changes that they were going through by always having meetings and discuss progress they have made and directly ask the employees for their views on the changes and what they feel should or should be avoided in the process. (Pugh, 2007) observed that for any change process to succeed, the change leaders must ensure that first the people are willing to work for the proposed change objectives and this can be done fully involving them.

Facilitation and support was another key strategy that the NSE used in managing employee resistance whereby both the middle level and top management came in and actively supported the change process. The managers participated in the change process by being the change leaders and always calling for meetings and reminding the employees of the importance of the changes were taking place and always assuring them of the change benefits to them. The managers were always in touch with the line supervisors to update themselves of the training needs of each employee and

communicating the same to the Training and Development team so as to organize for the trainings. Employees who seemed to be having problems with dealing with the changes were assisted by the managers by having face to face conversations so as to be able deduce what it was about the change that they were not comfortable with. The top management was not left behind all in this and could take time out of their busy schedules to attend some of the workshops and team building that were organized by the managers. Financial support was also key here and the top management made it clear to the managers and the employees that any assistance they needed they were ready to fully support as long as the change initiatives succeeded. Lawler and Worley, (2006) concurs with the above in that in their study they observed the importance of transformational leadership is important in change management.

As a last resort, the change management of the NSE were forced to use manipulation and coercion on some employees who were stubborn and lazy and unwilling to buy in to the idea of the change process going on .Most of these employees were the older ones who had been with the organization for many years and were used to the old ways of operating and hence were not willing to change. The management was forced to use threats like loss of jobs, demotions and relinquishing some of their duties to interns so that they could change and clearly see the importance of the changes on and not only view the changes negatively.(Mungai,2013) noted on the unwillingness of the older employees to accept change in comparison to the newer ones. There were some employees who were opposed to changes because of their inability to expertly use computers being that in their previous roles that was not a requirement. Despite that there were trainings in this area, they were still unwilling to attend the trainings because they did not want to look inferior to their

colleagues. The change managers were forced to use manipulation and coercion in order for them to attend the trainings. The computer trainings were made compulsory and the trainer in charge gave the employees assignments regularly and the best performers were rewarded while the worst performers were asked to improve or face demotion.

Finally the findings at NSE were in tandem with Schermerhorn (2010) who argued that in dealing with resistance, the change agents must ensure that people see the benefits of the change, the change must be very close to the values and culture of the organization, it must be easy to understand and it must be introduced progressively to allow people to adapt to it.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section contains the summary of the research findings, the conclusions from the findings and recommendations. The study adopted a case study in which the Nairobi Securities Exchange was investigated. The interviewees were the Head of Human resource, the Operations manager and the Communications and Information technology manager who were a representative of the top management which was responsible for initiating, implementing as well as evaluating strategic change.

The study sought to establish how the people dimension of change has been managed at the Nairobi Securities Exchange, to establish challenges faced in managing people dimension of change at the Nairobi Securities Exchange and to determine how challenges in managing people dimension of change at Nairobi Securities Exchange are managed. Content analysis was done on the responses given on the interview with the three managers. The NSE had introduced strategic changes by involving the people as change agents.

5.2 Summary of Findings

This chapter brings out the summary, conclusion and recommendations of the above study. The conclusions and recommendations made address each of the three objectives of the study. From the study, findings, conclusions and recommendations were given on how to improve on issues of policy and practice.

From the study, the researcher established that NSE actively used the ADKAR model in managing the people dimension of change whereby the employees and all the other

stakeholders were made aware of the need and urgency for change and empowered with relevant knowledge so as to reinforce the change.

The study established that NSE change management created awareness of the proposed changes by having meetings whereby they open explained to the employees on the changes that were to take place in the organization all clearly outlined all the necessary information with which they based their decisions. Awareness played a key role in managing resistance in that employees were not caught unawares by the changes. Hence by being involved in the change process which made them aware of. The NSE also made sure to include all the stakeholders including all the employees in the change process. Inclusivity was ensured as a means of collecting valuable information. Further, inclusion of people in the change process created a sense of ownership and belonging. The people at NSE were made to know how the change will affect them and all the changes were introduced in a gradual manner with full involvement of all the stakeholders. This strategy minimized resistance.

The study established that NSE had acquired the interest of the employees by using transformational leadership which inspired them with organizational vision. The study established that NSE top management clearly supported the change process which enabled the employees and other stakeholder notice the seriousness the strategic changes were given making them to remain committed.

The study also established that Training and Communication are vital in managing people dimension of change. The NSE change managers undertook to ensure that the employees were equipped with relevant skills so as to undertake the new tasks inherent in the adopted changes together with necessary employee mobility within the organization to

take up new roles and responsibilities. Training and development equipped the NSE employees with the right attitudes, norms and culture in the organization that were considered as important aspects of the change process. The NSE management ensured that people were made to see the benefits of the change. The employees were made to buy the idea of change, all the significant communications about the change process were effectively communicated and hence were made to understand the change process and encouraged to become part of it.

One of the notable challenges that were faced at NSE in managing the people dimension of change process was the resistance which was noted at the early stages of NSE strategic change. This was attributed to the fact that many employees wished the status quo to be maintained. They were unwilling to have mobility within the organization and had the fear of the unknown especially with the new skills and knowledge required to effect the new changes. Conflict of Interest was determined to have interference with the change process. Some wanted to maintain the status quo to better advance their own personal agendas; others had different motivations and therefore, NSE had to solicit advance input to ensure that everyone had an opportunity to voice their ideas and opinions.

Finally, the study further established that sometimes the managers were forced to use coercion on the employees who were unwilling to cooperate in the change process. This was necessary due to the fact that these employees if left alone could start dragging the others with them by poisoning them with negativity hence derailing the change process. The management also used rewards method to be able to reinforce the changes and encourage the employees to work harder to implement the change.

5.3 Conclusion

The study established that the people were fully involved in all stages of change right from planning to implementation. Change cannot succeed without people who are the implementers of change. Further, the attitudes, norms and culture at NSE were important aspects of the people dimension on change and need to be managed well. The management closely monitored the people to ensure that the people have accepted and were ready to implement the change in line with the organization goals

The research further established that the introduction of strategic change at NSE was met with employee resistance which was attributed to the fear for the unknown and some employees preferred the status quo maintained, the feeling of inadequate technological skills associated with the changes which required the employees to be subjected to training programmes was attributed to the resistance to change. Fear of organizational changes and realignment of the organizational structure was a cause of resistance to strategic change at the NSE.

From the findings of this research, it is evident that the NSE involved people dimension of change in all the changes it went through and employees were well prepared in anticipation of the changes. The ADKAR model was used to measure the level of employee involvement and reaction to the changes. The NSE also made sure that employees were always well communicated to regarding the expected changes whereby the employees participated in various seminars, trainings and workshops. However it was noted that lack of teamwork, stakeholder inclusivity and some managers putting their interests before the interests of the organization and their employees played a bigger role in the initial resistance of the changes from the employees. It was also noted that the few

employees who had a low desire to change was due to various factors such as lack of relevant skills, being comfortable with the normal, laziness of attending the training sessions and also fear of the unknown. Training was a key aspect to the NSE in reinforcing the changes by availing all the employees with the relevant knowledge and skills in handling the changes. Reinforcement was also done through promotions and various incentives awarded to the best employees.

5.4 Recommendations for Policy and Practice

From the study findings, the research made the following recommendations for policy and practice;

First, the study found out that to effectively achieve strategic change in any organization, the people dimension of change should be used as a strategy. This is because of its inherent characteristic of inclusiveness of all the stakeholders which reduces the challenge of resistance. The NSE could include carrying out stakeholder analysis whereby stakeholders with high power and high interest are separated from the one with low power and low interest hence the management will use different strategies to convince the two different groups into supporting their change initiatives.

Secondly, the study also established that most employees were comfortable performing their current roles hence if moved to another different role the employee would be stranded. Hence the NSE should encourage more teamwork among the employees whereby employees are willing to learn different roles from each other and can easily shift from performing one role to another different role without having to struggle so much. This can also be achieved through regular trainings on different roles for the employees instead of having to carry out the trainings only when it calls for.

Thirdly, the study also found out that the organization introducing strategic changes should prepare all the people on the impending changes, sell the idea to them until they are all in agreement, introduce the change gradually rather than rapidly and ensure there is adequate and effective communication among and between various parties. Communication should also be two ways whereby the employees are not shy of airing their concerns to the managers. To effectively adopt this, the NSE can have a drop box set aside in a strategic place that employee can always write down their views on what they think the organizations should do differently and how or grievances on what they think the organization is not doing right. This box can then be emptied after maybe every two weeks. This will help deal with situations whereby some employees are scared of airing their views with the fear of sabotage.

Fourth, the study also found out that employee resistance was due to the fear of the unknown and being comfortable with the status quo. Therefore the NSE should ensure that before any changes are put forward employees are made aware and explained to the benefits the changes will have on them and the organization. The importance of the changes should be clearly spelt out.

Fifth, the policy makers and regulators like the CMA should ensure that employee training and skill enhancement is a priority before initiating strategic change in the organization so as to equip them with the right skills and attitude, as well as making them feel part of the change process. The management should also ensure that they have well written policies regarding training and development and the repercussions of not attending the trainings.

5.5 Limitations of the Study

This research had some limitations given that no one study can exhaustively address an issue and this particular research addresses only a few aspects of managing people dimension of change. First, the research focused on the people dimension of change whereas there are many other factors that have an impact on the change process like the financial resources, the technological as well as the legal aspects which were not tackled. The research was a case study of NSE and the findings may be unique to this institution. More research needs to be done in other organizations that are outside the scope of this study. The other institutions may also use a different approach in adopting strategic change. Therefore using the information from NSE to generalise for all other institutions may not be prudent hence the need for more research. Therefore the use of other methodological approaches like survey could be used by other researchers.

The researcher made all the efforts to collect as much information as possible but the fact that the study only interviewed a section of the managers and did not interview all the stakeholders implied that some information may have been uncollected.

There was a challenge of some interviewees responding quickly to the questions so as to complete the interview and proceed with their work, there was some interruption from other employees, telephone calls and other disruptions associated with the work place. This may have reduced the quality of some responses from the interviewees.

There was also the challenge of the employees being biased with their answers in that they did not want to give answers that could paint a bad picture on the organization hence some of the challenges faced during the whole process might not have been captured.

Accessing secondary data from the NSE was also a challenge being that they sell them hence any material that was required from them could not be easily gotten unless bought.

5.6 Suggestions for Further Research

The study made the following suggestions to address the limitations of the study;

That since this was a case study that has inherent limitations associated with generalisations, survey studies should be done to investigate the people dimension of change in other corporations so as to capture a large population. The survey research requires a quantitative analysis and comparison of data which would increase the confidence level of the findings hence the data obtained can be used in other organizations as well.

Being that the study has focused on the NSE only hence the findings may have not been exhaustive. The same concept can be replicated in a different context so as to compare and verify the findings.

Since there are other factors that impact on an organization during the change process, Other researchers and scholars can carry out research to establish the change strategies used in state corporations in Kenya with a view to determining which is the most effective strategy other than the people dimension to change. This will enable the researcher to ascertain the impact of people dimension of change by comparing with the different results from the other studies.

Another study can be done by use of previous data including this one in order to build on knowledge and verify whether the findings are applicable to the current situations in organizations.

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APPENDICES

Appendix I: Introduction Letter



UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS KISUMU CAMPUS

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P.O. Box 19134-40123
Kisumu, Kenya
0202659307 / 0720348080

Ref: CHSS-SOB D61/75640/2014

October 10, 2016

TO WHOM IT MAY CONCERN

The bearer of this letter Sylvia Manoti Obiero

REGISTRATION NO: D61/75640/2014

The above named student is in the Master of Business Administration Degree Program. As part of requirements for the course, she is expected to carry out a study on "**Managing the people dimension of change at the Nairobi Securities Exchange, Kenya**". She has identified your organization for that purpose. This is to kindly request your assistance to enable her complete the study.

The exercise is strictly for academic purposes and a copy of the final paper will be availed to your organization on request.

Your assistance will be greatly appreciated, thanking you in advance.

Sincerely,

DR. NIXON OMORO
ASST. COORDINATOR, SOB, KISUMU CAMPUS

10 OCT 2016

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Appendix II: Interview Guide

Part 1: General Information of the interviewees

1. Position of the interviewee
2. Number of years of work at NSE
3. Gender of the interviewee

Part 2a: People dimension of change at NSE

4. Which factors influence strategic change at NSE?
5. Are the people a priority in planning for strategic change?
6. Which measures are mandatory in ensuring that the people to implement the change were ready and willing to work for the change objectives?
7. Are all the employees involved in strategic change?
8. Why do you think the change process should be all inclusive?
9. What changes have taken place at NSE that has affected the employees?

Part 2b: People dimension of change management at NSE

10. How did NSE plan for the changes?
11. What did NSE do to ensure that all employees are committed to the changes?
12. How were people empowered before, during and during reinforcement of the change?
13. What were the benefits obtained by equipping the employees to adapt to the changes?
14. How were employees taken through the change process?
15. How does NSE consolidate the change?

Part 3: Management of change challenges

16. Did any employee resist the change? If yes, what type of resistance?
17. What led to the resistance?
18. How was the resistance managed?

Appendix II: Originality Report

MBA PROJECT

ORIGINALITY REPORT

% 13
SIMILARITY INDEX

% 11
INTERNET SOURCES

% 0
PUBLICATIONS

% 9
STUDENT PAPERS

PRIMARY SOURCES

1	Submitted to University of Nairobi Student Paper	% 1
2	erepository.uonbi.ac.ke Internet Source	% 1
3	chss.uonbi.ac.ke Internet Source	% 1
4	Submitted to University of Hull Student Paper	% 1
5	www.mbaknol.com Internet Source	% 1
6	Submitted to St Mary's School, Nairobi Student Paper	% 1
7	www.gov.pe.ca Internet Source	% 1
8	www.canberra.edu.au Internet Source	% 1
9	uir.unisa.ac.za Internet Source	<% 1