IMPACT OF STRATEGIC CHANGE ON EMPLOYEE PERFORMANCE AT THE MINISTRY OF FINANCE, KENYA

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ABSTRACT

The main objective of this study was to determine the impact of strategic change on employee performance at the ministry of finance, Kenya. The study was guided by the following specific objectives: To establish the forces for strategic change in Ministry of Finance, to identify the critical success factors of strategic change in the Ministry of Finance and to establish how strategic change factors have an impact on Employee performance in the Ministry of Finance. This research adopted a descriptive research design. The ministry of finance had a total of 3,000 employees and a sample size of 352 was obtained at a confidence level of 95% with a margin of error at 0.5%. The study used primary data collection. Data analysis included use of quantitative techniques. The collected data was coded and analyzed using the descriptive statistics, specifically mean to describe each variable under study. Pearson's Correlation and ANOVA were used to determine the relation between the variables. The data was analyzed using Statistical Package for Social Sciences (SPSS) program and presented using tables to give a clear picture of the research findings at a glance.

On the forces of change, the findings established that organizations adapt to external forces such as new technologies, markets or legislations. Internal forces such as changes in staff, or tuning of policies and procedures new management practices would transform a public organization in the same manner as a private organization. The critical success factors of strategic change included negotiation, mobilizing the awareness on change, handling employees' grievances and the top down change initiatives which had an impact on the service delivery, boosting communication, empowering people and improving the employees and organization performance.

The study recommends that the Ministry of Finance should continuously implement change to improve its operations. The organization leaders should reinforce new behaviors, attitudes and organizational practices. Top down change initiatives should be developed with the collaboration of senior managers and a wide group of individuals within the organization to make change successful. There should also be a good relationship between the management and employees after the implementation of change. Hence, strategic change interventions should be a powerful tool for improving the organization performance and efficiency.

Key Words: Strategy, Strategic Change, Public sector, Perfomance

ACKNOWLEDGEMENT

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DEDICATION

I dedicate this dissertation to my Parents the late Alfred Sunguti may God bless your soul in the land of eternity and   Mama Mary Sunguti may God bless you with good health, peace of mind and long life to my sons Jenkin, Fred and my daughters Lilian,Joan Paulyne and Pam I love you all.

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ACRONYMS AND ABBREVIATIONS

CGC   Consumer Good Corporation

SPSS   Statistical Package for Social Sciences

SAPs   Structural Adjustment Programs

NPM   New Public Management

HR   Human Resource

DEFINITION OF TERMS

Organizations

Accordng to Johns (1996) organizations are open systems that take inputs from the environment, transform some of these inputs and then send them back into the environment as outputs.

Organizational Change

Organizational change encompasses the introduction of new and perhaps unfamiliar processes, procedures and technologies, which represents a departure from the employees' practical and familiar way of doing their routine work. Change at the individual level can endanger emotions and reactions ranging from optimism to fear, resistance, enthusiasm, helplessness, and pessimism among others (Dobson and Starkey, 2004).

Strategy

Strategy is the large scale,future oriented plans for interacting with the competitive environment to optimize achievement of organization objectives (Pearce and Robinson,1991).Thus a strategy represents a organisation's "game plan".

Strategic Change

Streams of activity,which occured mainaly as a consequence of environmental change leading to alterations in the product market focus,structure,technology and culture of the organisation (Mintzberg,1978).

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organizations are dynamic as they have to make strategic choices about how to respond to the change drivers. According to Rashid and Archer (2003), a firm may decide to introduce a new or competitive product or service, discontinue a product or totally withdraw it from the market, acquire or merge with another firm, or change the strategy in functional department. Certainly it is the strategic choices that produce organizational change. Indeed unless organizations continue to adapt to turbulence in the environment, they are likely to find themselves in a 'strategic drift' (Johnson, 2004), That is lack of clear leadership, confusion, clarity and performance deterioration.

Many scholars argue that the entire change process is the focal point of managers through which the organizational change is achieved (Northhouse, 2007; Yukl, 2002). The process of change is complex whether it is organizing; directing, innovating, strategizing, or implementing change must be undertaken tactfully.

Lewis, Stephen and Patricia (2001) defines change as any revision of activities, shift of work tasks, the introduction of new products lines, system technology or behavior among employees. Management must find a ways of dealing with resistance to change as failure to do this can dent the well intentioned change efforts. Coetsee (2003) explains that in order for management to achieve desired goals in a fast changing environment, striving to create a climate that minimizes resistance to change is inevitable. Any change process should be such that, members feel confident and committed to their own ideas and own the entire process. Change in the public sector faces more challeges compared to change in private sector. Many change models are

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designed for profit making organisations and have frameworks that adapts fast to external change. (Rusaw, 2007).

Furthermore, public-sector cultures are traditionally risk-averse (Maddock, 2002) and this can hinder change, as any change has a perceived risk. Hence, change within the public sector is arguably more challenging than making changes within the private sector (Rothwell et al., 1995). It is in relation to this that the study aims to look at the impact of strategic change management on employee performance at the ministry of finance, Kenya.

The constitution of Kenya(Cap VII Section 99-130 specifies the mandate of the Ministry of Finance Kenya which provides for sound budgetary and expenditure management of government financial resources. Parliament has enacted 49 Acts of parliament which are in the custody of the Ministry of Finance. The Ministry has several strategic functions; formulating financial and economic policies, developing and maintaining sound fiscal and monetary policies and promoting socio-economic development. The ministry is charged with the responsibility of creating an enabling environment on which all sector of economy can operate effectively and efficiently. All the market players including investors rely on the ministry of finance since it regulates the financial sector of the economy which is central in developing the country.

Additionally the Ministry is also strategically responsible for managing government expenditures, revenues, internal and external borrowings on behalf of the entire country. Consequently the Ministry has a duty of developing sound manageable fiscal policies that can sustain budget deficits. The ministry is tasked with identifying and managing development partners' support through bilateral and multilateral financing agreements. The Treasury in conjunction with the Ministry of finance

coordinates all government ministries/departments in preparing national budget through sector working groups. The Ministry plays a big role in providing various services to other government institutions which includes; clearing and forwarding Accounting and Auditing, IT, Insurance, pension Procurement and Divestiture services. Thus it is against these diverse roles of the Ministry that this study determined the impact of strategic change on employee performance at the ministry of finance, Kenya.

1.2 Statement of the Problem

There are many researches both academic and non academic that have been done on strategic change in the public sector, however very few have tried to relate strategic change to employee performance. Chemingich (2003) in her paper on 'Managing Strategic Change in public sector presented different strategies of implementing strategic changes in public sector, drawing on Structural Adjustment Programmes (SAPs) and New Public Management (NPM) strategies and lessons thereof. She did not relate the impact of these strategic changes with employee performance. A number of other studies have been carried out locally on strategic change management and employee performance. Kiptoo (2008) researched on strategic change management at the University of Nairobi and concluded that change managers in organizations should have a clear vision and develop a roadmap on how to manage people through change process. Kiptoo did not however, relate strategic change management to employee performance. He however recommended a further research to be carried out to establish how strategic changes at the University of Nairobi have improved performance.

Kingoina (2008) studied strategic change management practices at Municipal Council of Kiambu and found out that employees attitudes, technological

developments, changing needs, government directives, for example, performance contracting, Vision 2030, influence change management practices. He however failed to link strategic change management to employee performance. Nginyo (2010) carried out a research on employee performance management practices among insurance companies in Kenya and recommended that in order for the insurance companies to remain highly competitive, they should integrate performance management practices within their organization.

Additionally, we have reports on strategic change done at the Ministry of Justice and Legal Affairs where it is asserted that change in the Kenyan Judiciary has focussed mainly on the issues of integrity and administration of justice but not on factors responsible for strategic change, elements of strategic and their impact on the employee performance. Also, Kwacha Report (1998), Ringera Report (2003, 2007) and the Law Society of Kenya (2010) have reported that the Kenyan Judiciary has been slow, unresponsive, archaic and inept in its handling and delivery of services to the public. All these reports point to poor HR policy and inefficiencies in the Judiciary, however, none of them state the impact of strategic change on employee performance in the ministry of finance.

Change in the ministry of finance has been a very complex process. The ministries differ in many ways-in their work culture, management and leadership styles, structure and design, resources, technology, work processes and techniques, employees and customers and their expectations of the environment in which ministries operates in. The challenge is that, the changes are so many and interrelated, making it difficult to identify their impact and effectiveness in isolation. Consequently, since the ministry of finance undertook changes in information and communication technology, international standards organization (ISO) and the

ongoing performance contracting no research has been done to determine whether the changes have resulted in improved performance.   Hence, it was against this gap that the study aimed to investigate the impact of strategic change on the employee performance in the ministry of finance Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The main objective of this study was to determine the impact of strategic change on employee performance at the ministry of finance, Kenya.

1.3.2 Specific Objectives

The study was guided by the following specific objectives:

a. To establish the forces for strategic change in Ministry of Finance.

b. To establish the critical success factors of strategic change in the Ministry of Finance.

c. To evaluate the extent to which critical success factors of strategic change influence employee performance in the Ministry of Finance.

1.4 Hypotheses of the Study

The study tested the following null (H_o) hypotheses:

H_{o1} *There is no significant relationship between the aspects of strategic change and employee performance.*

H_{o2} *There is no significant relationship between the critical success factors of strategic change and employee performance.*

1.5 Importance of the Study

The study is expected to help the following stakeholders in the specified ways.

i. Management

The study outlines the strategies for strategic change management and how it can assist the management in addressing the areas that are overlooked in managing change. This can foster a drive towards quality management thus ensuring effective and efficient service delivery and customer satisfaction to the public. It can also help management measure the progress of ministry in terms of strategic change management. The management can be able to cope with change transition successfully, deal with resistors, and develop clear visions and realistic plans.

ii. Employees

The study can enable employees to understand why change is necessary and hence be more receptive to change. Additionally, the employees will benefit from this analysis as it can help them understand how the organization is changing and how they can further facilitate the changes.

iii. Government

The study can help the government in implementing viable change in different reforms for the benefit of its citizen. In addition, the government can be encouraged to provide the necessary resources and create the momentum for change. This will help the organization facilitate quicker change process.

iv. Citizens

This study can seek to enlighten the general public on their rights as pertains to services they receive from the Ministry of Finance. The change process can enhance the level of customer service and satisfactions as well improve relationships with the citizens.

v. Other Researchers

This study can be useful to academicians and researchers who might be interested

in pursuing research in the same area. The study can help them understand the aspects of change within an institution.

1.6 Scope of the Study

The scope of the study was limited to 352 Ministry of Finance employees. From the targeted employees, the study was limited to the full times employees working in various departments. The study was carried out between May to June 2013 for a period of five weeks.

1.7 Limitations of the Study

The study was limited to the employees in the ministry of finance. Also, there were matters related to confidentiality of the respondent's questionnaire. Only the researcher and the assistant had access to the survey data. Data was stored in a locked file cabinet to protect the identification of the respondent sampled and therefore destroyed by shredding at the end of the study.

1.8 Basic Assumptions

The proposed study had the following assumptions:

a. Respondents had adequate knowledge on the subject to give meaningful responses relevant to the study.

b. Respondents were ready to spare their time to participate in the study and give their views without prejudice.

c. The researcher obtained support of the ministry of finance in encouraging the staff to participate in the research.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter reviewed literature on the impact of strategic change management on employee performance and the section attempts to answer the research objectives raised in the first chapter. The first section highlights the theoretical framework and the second section looks at the empirical studies in relation to the cause of strategic change management, the causes for the organizational resistance to strategic change and the best strategies to be employed to ensure successful change management. The chapter ends with a conceptual framework.

2.2 Theoretical Framework

The main objective of this study is to investigate on the impact of strategic change on employee performance. Lewin's (2001) model highlights the stages of change that the employees undergo while participating on change and they include unfreezing, changing and freezing. Theoretical research available indicates that organization leaders are ever planning and implementing new ways of changing the organization.

Specifically Burke and Biggart (1997), Beer and Nohria (2000) estimated that about two thirds of change initiatives are not attained. This is mainly attributed to implementation failures as opposed to flaws innate in the change initiative itself. According to George and Jones (2001) sustained change can be achieved over a long period only when individuals alter their on the job behaviors in a positive direction.

2.3 Empirical Review

This section provides knowledge on the research concept in relation to other researcher's arguments. Relying on other researcher empirical findings, the researcher attempts to answer the research objectives.

2.3.1 Forces for Strategic Change

Beblin (1996) proposes that there is a reason why things change. Two conditions are needed for systems to change or replace another: discontent, dissatisfaction or disillusion with the old system along with some new model beckoning. External sources of change are the social, political/legal, economic, and technological environments of the business or the industry. Society Values apply pressure to an organization to conform. Most Government policies have recognized social values and are requiring environmental friendly practices. Environmental regulations have and will have a big impact on the work of organizations (Watson, 2000). Regulations for clean water, conservation of forests clean air, elimination of toxins, and others abound. New technology for reducing air pollution are developed and applied in the organizations work (Connor, 2003).

Political shifts impact the demands on organizations. Conservative political leadership tends to provide businesses with capital for which they can expand. Liberal political leadership tends to highly regulate business and require more of the business benefits to be returned to the workers and community (Steers and Black, 1994). According to Connor, deregulation of industries can introduce changes in competitive environments for those industries. Kenya's new constitution is an example of political and legal factor that is driving judicial reforms. Also, in the ministry of finance there has been call for transparency and accountability in the way the annual budget is presented

According to Connor (2003), the economic factors include the nature and direction of the national economy in which a company does business. For international entities, the factors include the global economy which recognizes that, consumption is affected by the wealth of the population, and business people must plan accordingly. Some

major considerations include the availability of credit and the amount of disposable income in a given market. Both inflation and interest rates and a given country's GDP are other economic factors that can bring about change.

New technology leads to new methods, new communication styles and techniques of doing business. Successful organizations capitalize on the new technology to increase productivity and competitiveness. Organizations can reach customers and clients in a greater variety of ways (Connor, 2003). At the ministry of finance, IFMIS has been introduce to reduce paper, e-procurement through e-pros and program budgeting software to enhance the performance of the ministry.

Bamford and Forrester (2005) argued that change can also come from within the organizations. This includes human resource, technology, professionals, establishment of new firm's goals and excess or reduced firm's resources. Organization leaders create dreams and vision for their followers taking into consideration the cultural factors and values held in the organization. These perceived new conditions may come from observation or design (Steers and Porter, 1987).

Kenya's Judiciary did a self-audit and came up with recommendations for reforms which were necessary to make the Judiciary responsive to change, be customer and user friendly as well as effective and efficient delivery of services to all consumers of court services. However, due to reluctance in implementing change, these initiatives have now been overtaken by the new road map to judicial reforms provided for in the new constitution. .

2.3.2 Critical Success Factors of Strategic Change

Change can be classified into four main types (Belbin, 1999). Transformational Change is one that cannot be handled within the existing paradigms of organizational structures. It is fundamental in nature. Realignment is the type of change that impacts the way of doing things but cannot be classified as a fundamental reappraisal of central assumptions and beliefs within the organization. It can be done all at once, a big bang fashion or in an incremental manner.

Evolution is transformational change implanted gradually through different stages and interrelated initiatives. It is proactive in nature and undertaken by managers in response to their anticipation of the need for future change. Revolution is fundamental change that occurs by using simultaneous initiatives on many fronts within a short time (Glasser and Strauss, 2007). It is likely to be forced. Adaptation and reconstruction is less fundamental and implemented through more staged initiatives. Whatever type is adopted, change is destabilizing as it seeks to alter the status quo (Trott, 1998).

Emergent or bottom up change has a very different starting point and logic to the top-bottom one. The assumption here is that responsibility for change should not lie with the senior managers; this is because in certain change contexts, a top down approach may not encourage the needed ownership and commitment to the required changes (Mintzberg, 2000). The bottom-up approach proponents argue that this mode of change addresses all the problems of the top-down change, because it involves employees in the change process. It is deemed to be highly collaborative and gradually leads to ownership of the change process by employees.

However, a pure bottom-up approach has its shortcomings according to Orgland (1997). It often lacks direction, setting and a clear link to corporate strategy. It can

also lead to costly duplication of effort, little transfer of learning and can be slow to get results. Bottom up change is an emergent process, therefore slower to mature. The most serious draw back associated with this model is that it is most unpredictable in its consequences because it is subject to interpretation and negotiation by the very staff that put the changes in place. Senior management has less control over the process, since by the very nature of bottom-up change it has to be more participative (Harris, 1994). An example of this model is the consumer good corporation (CGC) approach, which has six steps as follows: benchmarking both internally and externally, vision influencing team based problem solving forums, setting high performance work teams, total system change, ongoing education and training (Thomson, R. 1997).

In particular, creating revitalization throughout the business unit can be more of a bottom-up and emergent process. The leader of change efforts may be directive about the fact that the departments within the business units must change to the aspirations of the vision. However the leader then allows each department or section to choose the way in which they want to implement the vision to ensure ownership and commitment (Eadie, 1997). The changes that emerge within each department engender then need to be institutionalized and supported in the organization through the top-down actions, like changes to organization-wide systems and structures.

The model of change management views business as a collection of activities that take place on more kinds of inputs and create an output value to the customer (Miles, 1997). Horizontal process design emphasizes the importance of redesigning a small number of core business processes that cut across the traditional functional boundaries. The focus according to the writer is important in order to break down the suboptimal barriers between the functions. An example of the application of this

model is the Boston consulting group reengineering model (Beckard and Harris, 1987). The change process is undertaken in five stages namely: establishing purpose, goals and rationale for change, redesigning strategic process, integrate, validate and build, commit and deliver, builds value and advantage.

Prototyping is an approach that can be used for implementing technical change involving new information systems or equipment. This is a less known model where change is initiated in various units at the instigation of an individual. New processes and working practices can also be implemented initially at a pilot site or as prototype before being introduced elsewhere. This was the change model that was applied when Heathrow Express in London was set up in 1990 (Belbin, 1999). The advantages of prototypes are numerous. It is possible to test out the impact of the new systems and procedures and iron out unforeseen circumstances before changes are made throughout the organization. A successful pilot can be used to mobilize awareness of the need for change and support for the changes in an environment where change awareness is low. Prototypes followed by gradual rollout programs to reduce the amount of change expertise needed at any one time. They reduce the complexity of change. However prototypes have various down sides and short comings. Each site and department involved may be different. The time it takes to run a prototype may give opponents of change more time to build their resistance to change. The use of pilot sites creates prolonged period of change and organizations have often found it difficult to transfer changes made at new sites to existing sites and departments.

Changes made are piecemeal and fragmented since they are not orchestrated from a central point (Black and Gregersen, 2002). These changes may involve leading projects or running pilot schemes to enhance organizational performance, changing interpersonal dynamics and culture within teams and departments. This type of

change will lead to further organizational change only if others copy it.

2.3.3 Impact of the Strategic Change Success Factors on Employee Performance

This section looks at the impact of strategic change elements on employee performance from downsizing, co-operation, delayering, learning, innovation, cross-functional teams, and technological advancement to conflict resolution, organizational efficiency and organizational profitability.

Downsizing is one of the strategic changes that have had impact on employee performance. Kanter, 1989 alluded that with strategic change organizations become smaller, because new businesses outpace the expansion of existing ones. A view supported by (Handy, 1989).who claims that organizations have fewer and better-qualified people. Strategic change also leads to cooperation between the employees, customers and suppliers. This is associated with competitive strength of the organization (Kanter, 1989). With strategic change organizations move towards flatter structures with fewer layers of management, which is also made possible by the new information technologies as argued by Drucker, 2001 leading to fewer levels of management and faster decision making.

Strategic changes place a greater emphasis on knowledge and learning, at individual and corporate level. Boddy and Gunson (1996) observes that it has become difficult to learn from past failures or successes since the pace of change has become so fast for most organizations. Senge (1990) emphasizes that competitive advantage could be the only source of learning. Change increases the perceived need to encourage employee innovation, creativity, foster a climate where mistakes can be made and rectified and empowerment of employees. A view supported by Kanter, (1984, 1989) who argues that employees within the organization will not just give the right answers but can generate new ideas. He also asserts that allowing employees to

seize information, resources and supports allows their potential to be released.

Technological advancement helps an organization to achieve its strategic goals. Strategic change through the advancement of information technology is often accompanied by the opening of new communication systems. Technology empowers individuals, creates job satisfaction this impacts greatly on how employees undertake their specific responsibilities this in turn enhances job satisfaction. Strategic change promotes conflict resolution and innovation among employees. Through open, lateral and vertical communication strategic change facts are shared and that leads to productivity. Kinney and Wempe (2002) found significant relationship between organizational development practices and profitability. The study identified that the financial performance of an organization significantly improve after the implementation of change. Hudson and Nanda (2005) also found a significant relationship between earnings per share and development initiatives.

Finally the outcome for change can result in improved employee performance through improved quality (reports), reduced waste, reduced absenteeism, fewer management layers, better qualified workers, faster decision making, and returns on investments projects, improved communication, job satisfaction, conflict resolution, and individual creativity.

2.4 Conceptual Framework

This conceptual framework helps highlight the independent variables of the research and the preferred outcome in relation to the components of strategic change and employee performance.

Figure 1: Conceptual Framework

Independent Variable   **Moderating variables**   **Dependent**
Variable

Forces of Strategic Change
- Organization Efficiency.
- Socio-economic
- Economics (Budget goals).
- Conform to regulation
- Inefficiencies
- Bureaucracy
- New technology

Change Process

Employee Performance
- Improve quality (reports)
- Reduced waste
- Reduced absenteeism
- Fewer management layers
- Better qualified workers
- Faster decision making
- Returns on investments projects
- Empowerment
- Improved communication
- Job satisfaction
- Conflict resolution
- Individual creativity
- Cross-functional teams

Success Factors of Strategic Change
- Top-Down Change
- Bottom-Up Change
- Combination of Top-Down and Bottom-Up
- The Horizontal Process Redesign
- Prototypes
- Pockets of Good Practice

Source: Author

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CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This study sought to investigate the impact of strategic change on employee performance at the ministry of finance, Kenya. This chapter was organized in the following structure: the research design, population and sample, sampling design and sample size, data collection methods, research procedures, data analysis methods and lastly the chapter summary. Chapters two presented a review of the related literature guided by the research objectives.

3.2 Research Design

The descriptive research design was adopted for this study. The descriptive research design is where a researcher observes and describes activities the way they are (Malhotra and Birks, 2007) this study adopted the survey approach. A survey is a method of sociological investigation that uses questions in a form of a questionnaire. Questionnaire is defined by Malhotra and Birks (2007) as data collecting method from people describing, how they think (motivation), who they are (behavior) and what they do. This study was guided by two independent variables: forces of strategic change, critical success factors of strategic change while the employee performance was the dependent variable.

3.3 Population and Sampling Design

This section looks at the total population and the sampling design of the population.

3.3.1 Population

Cooper and Schindler describe a population as the total collected works of elements where references have to be inferred. The ministry of finance had a total of 3,000 employees. This population was characterized by full time employees from twelve departments. The selected population is representative enough to respond to the research objectives. The distribution of the total population is indicated in Table 1.

Table 1: Total Population Distribution

Department	No. of Employees	Percentage
Budget Supply	500	16.67%
External Resources	80	2.67%
Accountant General	600	20%
Directorate of Public Procurement	585	19.5%
Administration	20	0.67%
Government Information Technology Services	100	3.33%
Government Investment & Private Enterprises	30	1%
Government clearing Agency	25	0.83%
Internal audit Department	600	20%
Pension Department	400	13.33%
PFMR Secretariat	25	0.83%
Debt & Guarantee Management	35	1.17%
Total	**3,000**	**100**

Source: Complement Section, Ministry of Finance

3.3.2 Sampling Design and Sample Size

3.3.2.1 Sampling Frame

A sampling frame is a basis material from which a sample is drawn and is closely related to population as defined by Cooper and Schindler. In this study the number of departments in the Ministry of Finance was the basis on which the sample size was drawn. This ensured that the sampling frame is current, complete and relevant for the attainment of the study objectives.

3.3.2.2 Sampling Techniques

The sampling technique chosen was simple random sampling technique. A simple random sample is a subset of individuals (a sample) chosen from a larger set (a population). Each individual was chosen randomly and entirely by chance, such that each individual has the same probability of being chosen at any stage during the sampling process, and each individual have the same probability of being chosen for the sample (Yates, Daniel, Moore and Starnes, 2008). This minimized bias and simplifies analysis of the results.

3.3.2.3 Sampling Size

The sample size is a minor set of the larger population (Cooper and Schindler, 2006). An accurate result of data collection can be correctly determined through sample size and quantitative survey design. Mugenda and Mugenda (2003) argue that the sample must be carefully selected to be representative of the population and the need for the researcher to ensure that the subdivisions entailed in the analysis are accurately catered for.

According to Hussey and Hussey (1997) no survey can ever be deemed to be free from error or provide 100% surety and error limits of less than 5% and confidence

levels of higher than 95% was regarded as acceptable. Bearing this in mind, at a confidence level of 95%, the margin of error was 0.5%. To obtain the minimum population sample for this study, the researcher adopted Yamane's formula (cited in Israel, 1992) is as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where **n** is the sample size, **N** is the population size and **e** is the margin of error.

$$n = \frac{3,000}{1 + 3,000(0.05)^2}$$

$$n = \underline{\textbf{352}}$$

Therefore a sample size of 352 was selected from a total population of 3,000 employees which was sufficient and representative of the whole population as indicated in Table 2.

Table 2: Sample Size Distribution

Department	Total Population	Percentage	Sample Size
Budget Supply	500	11.8%	59
External Resources	80	11.3%	9
Accountant General	600	11.7%	70
Directorate of Public Procurement	585	11.8%	69
Administration	20	10.0%	2
Information Technology Services	100	12.0%	12
Government Investment & Private Enterprises	30	13.3%	4
Government clearing Agency	25	12.0%	3
Internal audit Department	600	11.7%	70
Pension Department	400	11.8%	47
PFMR Secretariat	25	12.0%	3
Debt & Guarantee Management	35	11.4%	4
Total	**3,000**	**11.7%**	**352**

Source: Author

3.4 Data Collection Method

The study used primary data collection. The data collection method was a survey method. Maholtra asserts that in data collection questionnaires are very important tool that helps the researcher to gather relevant primary data. In addition, the use of a questionnaire is justified since it provides a competent way of gathering information within a very short time. Further, questionnaires facilitated easier coding and analysis of data collected. The questionnaire comprised of closed and open ended questions were divided into four sections: first section contained the respondent's demographics. The second section addressed the causes of change, the third section gathered data on the elements of strategic change and the fourth section collected data on the impact of strategic on employee performance. The use of A 4-point linkert scale which consisted of statements that expressed strongly agree to strongly disagree was applied.

3.5 Research Procedures

Samples of 10 respondents were selected to evaluate the correctness clarity, and precision of the questionnaires. This ensured the dependability of the data collection tools used (Hussey and Hussey, 1997). After improvement of the final questionnaire, the researcher explained the purpose of the research, and further requested permission from the institution to carry out research. The questionnaires were administered during the working hours. A qualified research assistant helped in administering the questionnaires. This method of administration was justified as the nature of the research requires expert knowledge on change management and be able to provide appropriate response as expected from the research objectives. In order to ensure high questionnaire response rate, the researcher used reminders, incentives and pre-contact

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with respondents. Introduction to carry out a research in the Ministry was done using a cover letter seeking the Ministry's authority to conduct the research as well as acceptance to ensure confidentiality of information obtained and anonymity of respondent's identity. Each questionnaire took approximately 8 minutes to fill.

3.6 Data Analysis Methods

Quantitative technique was used to analyze the data. The objective is to generalize about a specific population based on the results of a representative sample of the population. The research findings may then be subjected to mathematical statistical instruments manipulation to produce a broad representative of the data (McDanile and Gates, 2001). The collected data was coded and analyzed using the descriptive statistics, specifically mean to describe each variable under study. Pearson's Correlation was used to determine the relation between the variables. Pearson's correlation reflects the degree of linear relationship between two variables: aspects of change and employee performance. The ANOVA tested the significance difference (hypotheses) between the causes of change or the elements of change and the employee performance. The data was collected and analyzed using Statistical Package for Social Science (SPSS) Program and tables were used to present the research findings.

3.7 Chapter Summary

This chapter highlights the various methods and procedures the researcher adopted in conducting the study in order to answer the research questions raised in the first chapter. The chapter is organized in the following structure: the research design, population and sample, data collection methods, sampling design and sample size, research procedures, data analysis methods and lastly the chapter summary. Chapter

four presents an analysis of the information gathered from the field on the basis of the research specific objectives.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the findings of the primary data collected from the field using the questionnaire as a tool. The main objective of this study is to determine the impact of strategic change on employee performance at the ministry of finance, Kenya. The study was guided by the following research objectives: To establish the factors responsible for strategic change in Ministry of Finance; to identify critical success elements of strategic change in the Ministry of Finance and to evaluate how strategic change elements have impacted on Employee performance in the Ministry of Finance. The section presents an analysis of the information designed to respond to the research objectives as outlined in the study. There are five subsections presented on the questionnaire. The first is a general section which addresses the respondents' demographic characteristics. The following four subsections address specific objectives.

Table 3: Response Rate

Category	Target Respondents	Response	Response Rate (%)
Budget Supply	59	30	51
External Resources	9	1	11
Accountant General	70	53	76
Directorate of Public Procurement	69	32	46
Administration	2	1	50
Information Technology Services	20	10	50
Government Investment & Private Enterprises	4	2	50
Government clearing Agency	3	2	67
Internal audit Department	70	45	64
Pension Department	39	15	38
PFMR Secretariat	3	1	33
Debt & Guarantee Management	4	1	25
Total	**352**	**193**	**55%**

Source: Author

Three hundred and fifty two (352) questionnaires were distributed to the respondents; however, 193 were fully completed thereby creating a response effectively rate of 55%. This response rate makes the data collected from the field more representative enough to answer the research objectives. The results are indicated in the above Table 4.1.

4.2 General Information

The general information for the study comprised of the respondents' gender, position in the organization, age range, work experience in the organization, work experience in the current position, education level and the components of strategic change.

4.2.1 Gender of Respondents

The researcher sought to find out the gender of the target respondents involved in the study.

Table 4: Gender of Respondents

Gender	Distribution	
	Frequency	**%**
Male	100	54
Female	93	46
Total	**193**	**100**

Source: Author

The findings in Table 4.2 illustrates that 55% (100) of the respondents are males as compared to 46% (93) males. Thus, the findings indicate that majority of the respondents are male.

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4.2.2 Position in the Organization

The researcher sought to find out the position of the target respondents involved in the study.

Table 5: Position of Respondents

Position of Respondents	Distribution	
	Frequency	**%**
Managerial	3	2
Non-Managerial	187	98
Total	**190**	**100**

Source: Author

The findings in Table 4.1 established that 2% (3) of the respondents are in managerial position compared to 98% (187) who are in non managerial positions. Hence, the findings indicate that majority of the respondents are in non managerial position.

4.2.3 Age of Respondents

The researcher sought to find out the age of the target respondents involved in the study.

Table 6: Age of Respondents

Age of Respondents	Distribution	
	Frequency	**%**
18-28 yrs	1	1
29-39 yrs	4	2
40-50 yrs	188	97
Total	**193**	**100**

Source: Author

The findings in Table 4.4 established that most of the respondents were aged between 40 to 50 years (97%), followed by 2% between 29 to 39 years and 1% between 18 to 28 years. Thus, the findings indicate that most of the respondents are above 39 years.

4.2.4 Length of Work in the Organization

The researcher sought to find out how long the respondents had worked in the organization from the target respondents involved in the study.

Table 7: Work Experience in the Organization

Work Experience in the Organization	Distribution	
	Frequency	%
Less than 5yrs	3	2
5-10 yrs	9	5
11-15 yrs	78	40
Above 15 yrs	98	51
Total	**193**	**100**

Source Author

The findings in Table 4.5 established that 2% of the respondents had less than 5 years work experience, 5% between 5 to 10 years, 40% between 11 to 15 years and 15% above 15 years work experience. Thus, the findings indicate that majority of the respondents had worked more than 15 years were in a good position to offer information on change management at the ministry.

4.2.5 Length of Work in the Current Position

The researcher sought to find out how long the target respondents had worked in their current position.

Table 8: Length of Work in the Current Position

Length of Work in the Current Position	Distribution	
	Frequency	%
Less than 5yrs	21	11
5-10 yrs	157	81
11-15 yrs	10	5
Above 15 yrs	4	2
Total	**193**	**100**

Source: Author

The findings in Table 4.6 established that 11% of the respondents had less than 5 years work experience in their current position, 81% had worked between 5 to 10 years, 5% between 11 to 15 years and 2% had more 15 years work experience in their capacity. Thus, the findings indicate that majority of the respondents were in a better position to provide relevant information in regard to the research objectives.

4.2.6 Education Level of the Respondents

The researcher sought to find out the gender of the target respondents involved in the study.

Table 9: Education Level of the Respondents

Education Level	Distribution	
	Frequency	**%**
Secondary Level	20	10
College Level	77	40
University Level	63	33
Graduate Level	31	16
Doctorate Level	3	2
Total	**193**	**100**

Source: Author

The findings in Table 4.7 established that 10 % of the respondents had secondary school education, 40% College level, 33% university level, 16% graduate level and 2% in the doctorate level. Thus, the findings indicate that majority of the respondents are relatively educated.

4.2.7 Aspects of Change in the Work Environment

The researcher sought to find out the aspects of the work environment that are currently changing from the target respondents in the study.

Table 10: Aspects of Change in the Work Environment

Aspects of Change in the Work Environment	Mean	Ranking
Review of Salaries and Remunerations	3.80	4
Creation of work divisions	3.68	6
Establishing other Department	3.64	8
Improvement of the Fiscal Budget	3.70	5
Reduction of organizational levels	3.65	7
Review of the senior management appointments with clear vetting procedure	4.39	1
Computerization at the workplace	4.34	2
Establishment of Information Desk	4.35	3

Source: Author

The findings indicated that a significant change occurred on the review of the senior management appointments with clear vetting procedure (mean=4.39). This was followed by the computerization at the workplace (mean=4.34), third, there was the establishment of information desk (mean=4.35), fourth, the review of salaries and remunerations (mean=3.80), fifth, the improvement of the fiscal budget (mean=3.70), then, the creation of work divisions (mean=3.68), the reduction of organizational levels (mean=3.65) and the least was on the establishment of other departments (mean=3.64). Table 4.8 presents the findings.

4.2.8 Correlation of Demographic Factors

This section looks at the correlation of the demographic factors and the nature of strategic change.

Table 11: Correlation of Demographic Factors

		Review of Salaries and Remunerations	Creation of work divisions	Establishing other Department
Gender	Pearson Correlation	.185[*]	.105	.064
	Sig. (2-tailed)	.013	.159	.393
Age Range	Pearson Correlation	-.099	-.084	-.018
	Sig. (2-tailed)	.181	.255	.803
Length of Working in Organization	Pearson Correlation	.076	.008	.013
	Sig. (2-tailed)	.299	.913	.858
Length of Working in Current Position	Pearson Correlation	.201[**]	.066	.041
	Sig. (2-tailed)	.006	.365	.574
	N	188	188	188
Educational Level	Pearson Correlation	.253[**]	.035	-.021
	Sig. (2-tailed)	.000	.633	.776
	N	189	189	189

Source: Author
*. Correlation is significant at the 0.05 level (2-tailed).
**. Correlation is significant at the 0.01 level (2-tailed).

The findings in Table 4.9 indicate that there was a significant relationship between the length of work in the current position and the review of salaries and remunerations ($r=0.201$, $p>0.01$). In addition, there was a significant relationship between the educational level and the review of salaries and remunerations ($r=0.253$, $p>0.01$).

4.3 Forces for Strategic Change

The researcher wanted to find out from the respondents involved in the study the main drivers causing strategic change.

Table 12: Forces for Strategic Change

Major Causes of Organizational Change	Mean	Ranking
The aim to improve efficient and effective utilization of resources brought about change within the Ministry.	3.91	5
The intention to introduce new business practices brought about change (i.e. Integrated Financial Management).	4.09	2
The process of promoting Fiscal Budget accountability within the ministry was responsible for change.	3.88	6
Management of revenues, expenditures and borrowing by the government brought about change	3.78	8
Stakeholders'/Citizens' behaviour and decisions are responsible for change in the Ministry	4.08	3
Change in the nature of Ministry's work was responsible to change (i.e. devolution)	4.35	1
Decline in employees' performance was a driver for change.	3.94	4
Ministry's achievement of expected results contributed to change	3.86	7
Developing and maintaining sound fiscal and monetary policies that facilitate socio - economic development	3.37	10
Coordinating government ministries/departments in the preparation of the annual national budget.	3.44	9

Source: Author

The findings indicated that on a mean range of 4.35 to 3.37, majority of the respondents agreed that changes in the nature of the ministry's work in relation to devolution was responsible to change (mean=4.35). The second driver for change was brought about by the intention to introduce new business practices (such as the adoption of Integrated Financial Management) (mean=4.09), followed by the stakeholders' or citizens behavior and decisions are responsible for change in the organization (mean=4.08) and there was a decline in members or employees performance in the Ministry (mean=3.94) as the fourth driver for change. The least drivers for change involved the achievement of the expected results by the Ministry (mean=3.86).

A small number of the respondents suggested that management of revenues, expenditures and borrowing by the government brought about change (mean=3.78). while a few other respondents were of the opinion that the coordination of government ministries or departments in the preparation of the annual national budget brought about change (mean=3.44) and very respondents agreed that the development and the maintenance of sound fiscal as well as monetary policies that facilitated socio-economic development was responsible for change (mean=3.37). The findings are presented on Table 4.10.

4.4 Critical Success Factors of Strategic Change

To find out the elements of strategic change from the respondents involved in the study.

Table 13: Critical Success Factors of Strategic Change

Elements of Strategic Change	Mean	Ranking
Senior managers develop change initiatives in collaboration with employees within the ministry	3.78	9
Managers respond proactively in the anticipation of the need for future change.	3.62	12
According to the staff there is clarity in the nature of change	4.04	8
Top-down change may have to be imposed as a directive in a coercive manner for speedy execution of change.	3.60	13
Top management understand the issues arising from change	3.63	11
Top-down approach encourages the needed employee commitment to the required changes.	3.75	10
Mentoring and coaching have been provided to the employees to enable make a smooth transition.	4.33	6
Management has recognized and fairly rewarded employee contribution to change process through power-coercive strategy,	4.29	7
Top leadership makes an effort to identify and utilize potential of employees in the change process	4.52	3
Leaders within Ministry create vision for more participative change	4.50	2
Each department chooses the way in which change is implemented to ensure staff ownership and commitment.	4.46	5
Department mobilizes the awareness and the need for change	4.53	1
Supervisors in the Ministry fosters consensus for the new vision through competence to enact change	4.47	4

Source: Author

On a mean range of 4.53 to 3.60, the findings revealed that majority of the respondents agreed that the department mobilizes the awareness and the need for change (mean=4.53). The second element of strategic change involved the leaders within the Ministry creating the vision for more participative change (mean=4.50). Third, the top leadership makes an effort to identify and utilize the potential of the employees in the change process (mean=4.52). Fourth, the supervisors in the Ministry fosters consensus for the new vision through competence to enact change (mean=4.47) and each department chooses the way in which change is implemented to ensure staff ownership and commitment (mean=4.46).

A few number of the respondents claimed that they the change initiatives are developed with the collaboration of senior managers and the employees within the organization (mean=3.78). Also, a small number of the respondents agreed that that the leaders encourage a top down approach needed to foster employee commitment to the required changes (mean=3.75). Fewer respondents mentioned that the top management understands the issues arising from the organizational change (mean=3.63) and very few respondents agreed that the leaders enforce top-down change directive to coercive the employees for speedy execution of change (mean=3.60). The findings are presented on Table 4.11.

4.5 Impact of Successful Strategic Change Factors on Employee Performance

The study investigated the impact of strategic change on employee performance from the respondents involved in the study.

Table 14: Impact of Successful Strategic Factors on Employee Performance

Impact of Strategic Change on Employee Performance	Mean	Ranking
With strategic change, there is faster decision making.	4.39	3
The change has led to improved performance at the Ministry (employee productivity).	4.45	1
As a result of change, there are greater demands placed on employees to improve their skills at the workplace.	3.60	6
With change there is enhanced generation of ideas for operation efficiency among the employees.	3.90	4
Technological advancement brought about by change helps the employees improve their efficiency.	4.44	2
As a result of change, there has been improved relationship between employees and the supervisors leading to job satisfaction.	2.57	7
With strategic change, feelings and facts are shared through open communication.	2.10	11
Strategic change interventions are a powerful tool for improving the Ministry overall efficiency.	2.37	9
The rapid changes occurring at the Ministry have led to the achievement of the fiscal budget goals.	2.30	10
Employees in the team find their work more interesting and focused on the tasks.	2.47	8
Employees' empowerment in the day-to-day work procedures and reporting relationships for the better.	3.72	5

Source: Author

The findings indicated that on a mean range of 4.45 to 2.10, the findings indicated that majority of the respondents agreed that the change has led to improved performance at the Ministry (i.e., employee productivity) (mean=4.45). The second impact of change resulted to technological advancement brought about by change helps the employees improve their efficiency (mean=4.44). The third impact of change led to faster decision making (mean=4.39). The fourth implication of change led to enhanced generation of ideas for operation efficiency (mean=3.90) and the fourth impact of change led to employees' empowerment in the day-to-day work

procedures and reporting relationships for the better work performance (mean=3.72).

On the least impact of change, few respondents agreed that the employees in the team find their work more interesting and focused on the tasks (mean=2.47). Fewer respondents agreed that strategic change interventions are a powerful tool for improving the Ministry overall efficiency (mean=2.37), a small proportion of the respondents agreed that the rapid changes occurring have increased the Ministry have led to the achievement of the fiscal budget goals (mean=2.30) and very few respondents agreed that with strategic change, feelings and facts are shared through open communication (mean=2.10). Table 4.12 indicates the results of the findings.

4.6 Testing Hypotheses One

The study aimed to test the null (H_o) hypotheses on whether there was a significant relationship between the aspects of change and employee performance.

Hypotheses I: This section analyzed using T-test and ANOVA to determine if there is a significant difference between the aspects of change and employee performance. The findings indicated that the t-value is 0.000 which is very small compared with significance level of 5%. This shows there is significant relationship between the aspects of change and employee performance. Table 4.13 indicates the results of the findings.

Table 15 ANOVA between the Aspects of Change and Employee Performance

One-Sample Test for the Aspects of Change and Employee Performance						
	Test Value = 0					
					95% Confidence Interval of the Difference	
	t		Sig. (2-tailed)	Mean Difference	Lower	Upper
Establishing other Department	40.695	188	.000	3.683	3.50	3.86
Improvement of the Fiscal Budget	44.710	188	.000	3.640	3.48	3.80
Restructuring of the Ministry	56.735	188	.000	3.804	3.67	3.94
Review of the senior management appointments	66.918	188	.000	4.392	4.26	4.52
Computerization at the workplace	69.485	191	.000	4.344	4.22	4.47
Establishment of Information Desk	64.005	190	.000	4.340	4.21	4.47
With strategic change, there is faster decision making.	80.865	186	.000	4.385	4.28	4.49
The change has led to improved performance at the Ministry.	85.860	179	.000	4.450	4.35	4.55
There are greater demands placed on employees.	64.858	122	.000	4.439	4.30	4.57
With change there is enhanced generation of ideas for operation efficiency.	16.833	29	.000	3.900	3.43	4.37
Feelings and facts are shared through open communication.	6.806	20	.000	2.095	1.45	2.74
Strategic change interventions are a powerful tool for improving efficiency.	6.168	18	.000	2.368	1.56	3.18
The rapid changes occurring at the Ministry have increased its financial performance	6.600	18	.000	2.316	1.58	3.05
Employees in the team find their work more interesting.	6.763	18	.000	2.316	1.60	3.04
Employees' are empowered in the day-to-day work procedures.	7.204	18	.000	2.421	1.71	3.13

Source: Author

4.7 Testing Hypotheses Two

The study aimed to test the null (H_o) hypotheses on whether there was a significant relationship between the successful factors of strategic change and employee performance.

Hypotheses II: This section analyzed using T-test and ANOVA to determine if there is a significant difference between the aspects of change and employee performance. The findings indicated that the t-value is 0.000 which is very small compared with significance level of 5%. This shows there is significant relationship between the elements of strategic change and employee performance. Table 4.14 indicates the results of the findings.

Table 16: ANOVA of Critical Success Factors and Employee Performance

One-Sample Test between the Elements of Change and Employee Performance						
	Test Value = 0					
				Mean Differenc e	95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)		Lower	Upper
Establishing other Department	40.695	188	.000	3.683	3.50	3.86
Improvement of the Fiscal Budget	44.710	188	.000	3.640	3.48	3.80
Restructuring of the Ministry	56.735	188	.000	3.804	3.67	3.94
Clear review of the senior management appointments	66.918	188	.000	4.392	4.26	4.52
Computerization at the workplace	69.485	191	.000	4.344	4.22	4.47
Establishment of Information Desk	64.005	190	.000	4.340	4.21	4.47
Faster decision making.	80.865	186	.000	4.385	4.28	4.49
Improved performance.	85.860	179	.000	4.450	4.35	4.55
Staff feel that there is clarity in the nature of change	21.746	188	.000	3.878	3.53	4.23
Top management understand the issues arising from change	45.106	188	.000	3.630	3.47	3.79
A top down approach encourage the needed and employee commitment to the required changes.	54.832	188	.000	3.778	3.64	3.91
The leaders within the Ministry create the vision for more participative change	96.423	190	.000	4.518	4.43	4.61
The department mobilizes the awareness and the need for change	75.458	187	.000	4.532	4.41	4.65
The supervisors in the Ministry fosters consensus for the new vision through competence to enact change	66.546	187	.000	4.473	4.34	4.61

Source: Author

4.8 Correlation Analysis on Aspects of Change and Employee Performance

The study determined the correlation between the aspects of change in the work environment and the employee performance.

Table17: Correlation Analysis on Aspects of Change and Employee Performance

		Salaries and Remune rations	work divisio ns	Restructur ing of the Ministry	Comput erization at the workpla ce	Establis hment of Informat ion Desk
Improved relationship between employees and the supervisors leading to job satisfaction.	Pearson Correlation	.682**	-.143	-.423	-.037	-.134
	Sig. (2-tailed)	.001	.546	.063	.877	.574
Open communication.	Pearson Correlation	.487*	.196	-.306	-.321	-.208
	Sig. (2-tailed)	.029	.407	.189	.167	.379
Improving the Ministry overall efficiency.	Pearson Correlation	.316	.481*	-.041	-.533*	-.336
	Sig. (2-tailed)	.201	.043	.873	.023	.173
Employees in the team find their work more interesting focused on the tasks.	Pearson Correlation	.224	.450	-.313	-.386	-.375
	Sig. (2-tailed)	.372	.061	.206	.114	.125
Employees' empowerment in the day-to-day work procedures	Pearson Correlation	.583*	.612**	-.228	-.340	-.177
	Sig. (2-tailed)	.011	.007	.363	.167	.481

Source: Author

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

The results established that there was a significant relationship between the employees' empowerment in the day-to-day work procedures and the creation of work divisions (r=0.612, p>0.01). Also, there was a significant relationship between improved relationship between employees and the supervisors leading to job satisfaction and the Review of Salaries and Remunerations (r=0.682, p>0.01). Table 4.15 indicates the results of the findings.

4.9 Discussion

4.9.1 Forces for Strategic Change

Organizations put IFMIS programs into practice in an attempt to adapt to external forces such as new technologies, markets or legislations, or internal forces such as changes in staff, or tuning of policies and procedures. The findings indicated that majority of the respondents claimed that changes in the nature of the ministry's work was responsible to change (such as devolution) (mean=4.35). Similarly, Maurer (2005) suggests that in the experience of today's organizations, changes are frequent and diverse; in this case the change at the ministry was as a result of devolution. In this case, the Ministry has implemented Integrated Financial Management System (IFMIS) to reduce paper, e-procurement through e-pros and program budgeting software.

According to Osborne and Gaebler (2002), new management practices would transform a public organization in the same manner as a private organization and become a source of change. The second driver for change at the Ministry of Finance was brought about by the introduction of new business practices such as the Integrated Financial Management System (mean=4.09). IFMIS can be a source of change to reduce waste in the ministry of finance. Similarly, Sparks (2005) argues that structural reorganization in new management practices can bring about new ways of doing things in the organization. Therefore, new management practices in the ministry of finance functions can be a powerful force for change.

The forces for change can come from inside and outside the organization. The findings revealed that the stakeholders' behaviour and decisions are responsible for change in the Ministry of Finance (mean=4.08) but a small number of the respondents mentioned that the ministry of finance was developing and maintaining sound fiscal and monetary policies that facilitate socio - economic development (mean=3.37).

According to Kreither and Kinichi (2004), internal forces of change can come from within the organization. However, the current finding at the ministry of finance indicates that change can also come from outside the organization. The stakeholders' behaviour and decisions outside the ministry of finance was responsible for change according the respondents' responses.

Similarly, Starobin and Belton (2002) argue that both internal and external stakeholders may align the organization in the achievement of its vision and mission. Change can be brought about by low performance and the management aim to achieve productivity (Osborne and Gaebler, 2002). The findings indicated that there was a decline in members performance at the Ministry of Finance (mean=3.94) as the fourth driver for change. This makes the public manager to conduct performance evaluations utilizing performance data as opposed to the length of the employees' service and utilizing the resources to ensure high employee performance at the ministry of finance.

Streamlining processes and procedures would bring about efficient and effective utilization of resources at the Ministry of Finance. Among the least drivers for change involves management of revenues, expenditures and borrowing by the government (mean=3.78). Maurer (2005) makes the point that dissatisfaction or disillusionment with the old system will change especially when the need for it has been identified and made clear. Streamlining the processes and procedures ensures that efficient and effective budgeting when directing public funds to public services and utilizing resources to ensure the achievement of the Ministry's goals and strategy.

Positive change stems from successful completion of the organization goals and values. Few respondents mentioned that the ministry of finance strategic plans were responsible for change in coordinating government ministries/departments in the

preparation of the annual national budget (mean=3.44) and very respondents agreed that the achievement of the expected results by the ministry contributed to change (mean=3.78). Few respondents agreed that developing and maintaining sound fiscal and monetary policies that facilitate socio-economic development was minimally associated with change (mean=3.37). Similarly, Mitchell (2002) recommends that organizations might respond to change by using various approaches of job design after completion of job objectives and responsibilities. Therefore, the prospects for positive change stems from successful completion of assignments.

4.9.2 Critical Success Factors of Strategic Change

Negotiation is an important intervention for creating the need for change at the ministry of finance. The findings indicated that majority of the respondents claimed that the department mobilizes the awareness and the need for change (mean=4.53) at the ministry. The leading intervention for change includes mobilizing the awareness and the need for change management through proper handling of the employees' grievances at the ministry. Conflict may be caused by lack of shared awareness or lack of trust. Wamwangi (2003) explains that awareness through negotiation helps to clarify different individual perceptions and mutual expectations so that differences can be identified and reconciled in the change process. It seems that the Ministry had created a system that encouraged and empowered the employees to identify and lead changes.

Top down change initiatives are developed with the collaboration of senior managers and a wide group of individuals within the organization. The findings revealed that the second element of strategic change involved the leaders within the Ministry of Finance creating the vision for more participative change (mean=4.50).Similarly, Kotter and Cohen (2002) argues that part of selling the change

plans involves getting employees' participation in some details of implementing change. Also, managers set new directions with each small process change or improvement. The findings revealed that the third driver of change involved the top leadership making an effort to identify and utilize the potential of the employees in the change process (mean=4.52) at the ministry of finance. The desire to move in a new direction is internally established by the leaders in the organization. In several studies a new CEO may be the internal driver. But, Bamford and Forrester (2005) study found that the most influential group was middle managers.

It is believed that striking change in the organization calls for the involvement of all stakeholders. The fourth element of strategic changes involved the supervisors in the ministry of finance fostering consensus for the new vision through competence to enact change (mean=4.47) at the ministry of finance. Here there are no hard and fast rules to follow but just a pragmatic approach to change that leaves all sides owning the process. This approach seeks to reach change by consensus for any change to happen. Belbin (1999) explains that consensus brings about coherence in change strategy in consonant with the environment.

Commitment to change leads to the diagnosis of business problems leading to the proposed change. The findings revealed that each department chooses the way in which change is implemented to ensure staff ownership and commitment (mean=4.46) at the ministry of finance. This indicates that change requires commitment and perseverance to tackle resistance head on. However, there is a caution on this style because according to Reilly and Pfeiffer (2000), it can often lead to resistance and lack of commitment from middle managers and employees who feel that top management does not understand the problem. This is confirmed by the research findings that a few number of the respondents claimed that they the change

initiatives are developed with the collaboration of senior managers and the employees within the ministry of finance (mean=3.78).

Only few companies are filled with people who understand the way business works and only few still appreciate the threats organizations face or the opportunities the organizations encounter. The findings revealed that a small number of the respondents agreed that that the leaders encourage a top down approach needed to foster employee commitment to the required changes (mean=3.75) at the ministry of finance. This indicates that people will resent and perhaps oppose or resist authoritarian moves to change. Moreover, fewer respondents mentioned that the top management understands the issues arising from the organizational change (mean=3.63) at the ministry of finance. Nickols (2010) recommends that change-minded leaders should create a burning platform which entails considerable risk to the organization, to its people, and to the leader who attempts it.

4.9.3 Impact of Successful Strategic Factors on Employee Performance

In an attempt to improve the performances of the organization, it is important for the managers to understand and respond to the needs of the employees in order to ensure the best possible service delivery. The findings indicated that majority of the respondents agreed that the change had led to improved performance at the ministry of finance (mean=4.45). Kotter (2005) observes that organization changes makes people committed into the new ways of doing things at the same time it erodes the traditional cultures of bureaucracy and hierarchy (Parker and Bradley, 2000) in the organization to enhance the Ministry performance.

Employee skills are vital to the functioning of modern organizations including the ministry of finance. The second impact of change resulted to greater demands placed on employees to improve their skills at the workplace (mean=4.44) at the ministry of

finance. It is believed that the development of the employees' skills is critical for organizational change. Similarly, Wamwangi (2003) argues that the change system provides the organization with an opportunity to have the cumulative advantage of diverse skills and strengths possessed by different individuals to make the implementation of change possible.

Business trends influence the decision of an organization to make requisite changes. The third impact of strategic change led to faster decision making (mean=4.39) at the ministry of finance. Organizations are able to learn from their internal structure and functions, thus changing the behavior of individual elements and decisions. The ministry of finance might respond to these problems by using various approaches of job design. The use of technology positively enhanced efficiency in the delivery of services and decision making. Managerial behaviours and decisions can also bring about change and the excessive interpersonal conflict between the managers and their subordinates is a sign that change is needed (Nickols, 2010).

The fourth implication of change led to enhanced generation of ideas for operation efficiency (mean=3.90) at the ministry of finance. Drucker explains that after change, a leader has to relearn his or her own style of managing, to recognize that there is need to communicate better and listen to what people in the organization have to say about organization change. Therefore, effective leaders can ease the transition of change if they are committed and have a clear vision that they can communicate to staff with the conviction that will win their hearts and minds. Thus, good leaders talk to staff about change programs and listen and react to their feedback.

The change process demonstrates the consistency of purpose that builds trust backed up by an effort to empower people to design the systems and procedures they

would operate. The fifth impact of change led to employees' empowerment in the day-to-day work procedures and reporting relationships for the better work performance (mean=3.72) at the ministry of finance. Employee empowerment is a critical component to the successful implementation of a change effort. Nickols (2010) argues that through awareness of the impacts of organizational change, supervisors can empower employees instead of creating a sense of insecurity. The process of empowering employees leads to more job security and healthier gains towards implementation of the change effort.

Team work is vital to the functioning of modern organizations. Among the least impact of change, few respondents agreed that the employees in the team find their work more interesting focused on the tasks (mean=2.47) at the ministry of finance. There is a trend towards the use of cross-functional task forces and teams and new explicit managerial roles such as task force leader and change agent. Drucker (1989) describes how business is conducted in a decentralized, networked organizational structure where the basic structural elements are projects. With strategic change, work is done in task-focused teams.

Strategic change interventions are a powerful tool for improving the organization performance and efficiency. Fewer respondents agreed that strategic change interventions are a powerful tool for improving the Ministry efficiency (mean=2.37) at the ministry of finance. Organization efficiency leads to enhanced quality, increasing speed and reducing wastes. Hoskinsson and Hitt (2004) argues that the expected outcomes of organizational change include increased productivity, improved quality, enhanced competitive advantage, and potential regeneration of success. The result of implementing strategic change in an organization hopes to achieve lower overheads costs, less bureaucracy, more effective decision making, improved

communication and greater innovation (Burke and Greenglass, 2000).

Kinney and Wempe (2002) have found significant relationships between organizational development practices and profitability. A small proportion of the respondents agreed that the rapid changes occurring have increased the financial performance (mean=2.30) at the ministry of finance. The current study identified that the financial performance of an organization was less significantly improved after the implementation of organizational change. Similarly, Fullerton et al. (2003) study reported that there was a negative relationship between organization strategic change and operations performance. This is in contrast to, Huson and Nanda (2005) argument that there was a significant relationship between earnings per share and organizational development interventions.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section provides the conclusion of the study based on the study research objectives.

5.2 Conclusion

5.2.1 Forces for Strategic Change

Organizations put these programs into practice in an attempt to adapt to external forces such as new technologies, markets or legislations. Internal forces such as changes in staff, or tuning of policies and procedures new management practices would transform a public organization in the same manner as a private organization. The forces for change can come from inside the organization. Change can be brought about by low performance and the management aim to achieve productivity. Streamlining processes and procedures would bring about efficient and effective utilization of resources at the Ministry. Positive change stems from successful completion of the organization goals and values.

5.2.2 Critical Success Factors of Strategic Change

Negotiation is an important intervention for creating the need for change. The leading intervention for change includes mobilizing the awareness and the need for change management through proper handling of the employees' grievances. Top down change initiatives are developed with the collaboration of senior managers and a wide group of individuals within the organization. Also, managers set new directions with each small process change or improvement. The desire to move in a new direction is internally established by the leaders in the organization. It is believed that striking

change in the organization calls for the involvement of all stakeholders. Commitment to change leads to the diagnosis of business problems leading to the proposed change. Only few companies are filled with people who understand the way business works and only few still appreciate the threats organizations face or the opportunities the organizations encounter. Sometimes people will resent and perhaps oppose or resist authoritarian moves to change.

5.2.3 Impact of Successful Strategic Change Factors on Employee Performance

In an attempt to improve the performances of the organization, it is important for the managers to understand and respond to the needs of the employees in order to ensure the best possible service delivery. Employee skills are vital to the functioning of modern organizations. Business trends influence the decision of an organization to make requisite changes. Effective leaders can ease the transition of change if they are committed and have a clear vision that they can communicate to staff with the conviction that will win their hearts and minds. The change process demonstrates the consistency of purpose that builds trust backed up by an effort to empower people to design the systems and procedures they would operate. Team work is vital to the functioning of modern organizations. Strategic change interventions are a powerful tool for improving the organization performance and efficiency. There was a negative relationship between organization strategic change and operations performance.

5.3 Recommendations

This section provides the recommendations of the study based on the research objectives.

5.2.1 Forces of Strategic Change

The study recommends that the Ministry of Finance should continuously

implement change to improve its operations. This can be achieved by reducing its operational costs, prevent misappropriation of critical resources in meeting the ministry objectives. The introduction of technology is crucial in enhancing the organization efficiency as well as in achieving and maintaining the Ministry competitiveness. The managers' at the Ministry should be aware of the forces of change to come up with an implementation strategy. Both the manager and the employee may need interpersonal skills training in orienting workers towards change in the organization. Appropriate leadership behaviors are required in offering adequate guidance and direction in the implementation of change. It is also vital for an organization to understand the resources available and take steps to maximize them in the changing environment.

5.3.2 Critical Success Factors of Strategic Change

Accepting change within the organization requires the employees and the leaders to reinforce new behaviors, attitudes and organizational practices. In addition, there should be trust involved to reinforce the employees' intentions and behaviors to change. Managers who trust their employees make the change process an open, honest, and participative affair. Employees who, in turn, trust management are more willing to expend extra effort and take chances with something different. Intimidating changes on the job can cause employees to doubt their capabilities. Self doubt erodes self confidence and cripples personal growth and development. The management and the employee negotiation during change should create the need for change. The leading intervention for change includes mobilizing the awareness and the need for change management through proper handling of the employees' grievances. Top down change initiatives should be developed with the collaboration of senior managers and

a wide group of individuals within the organization to make change successful.

5.3.3 Impact of Successful Strategic Change Factors on Employee Performance

There should be a good relationship between the management and employees after the implementation of change. Rrestructuring of the Ministry should enable clear communication and reporting lines between the top management and the employees. There should be adequate organization change support in terms of employee skills and career advancement. Change should be well documented and understood to give the employees the confidence to cope with change in which they were more likely to perform well and stay with their organization during change. Strategic change interventions should be a powerful tool for improving the organization performance and efficiency.

5.4 Recommendation for Further Research

The researcher suggests that future researchers could replicate the research questions with a focus on profit making organization to confirm the similarities or differences of the findings.

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APPENDIX I: INTRODUCTORY LETTER

Dear Sir/Madam,

RE: RESEARCH STUDY

I am a student at KCA University undertaking a degree in Masters in Business Administration (MBA). I am carrying out a research on the impact of strategic change management on employee performance at the ministry of finance, Kenya.

Given your unique position and experience as an employee of the organization, I have chosen you as one of the sample respondents in my area of research. Your role in this study will only involve completing a questionnaire. The questions to be asked will relate to your experience and opinions on organization change in your area of specialization. It is important that you understand that there is no correct or wrong answer. This research is aimed at allowing you to provide details about what you honestly think.

This study will be conducted to capture the views of a sample group of employees. The views given to me will be used to implement organization changes for the benefit of all workers at ministry of finance. In this regard I am sending you a questionnaire which will take less than 10 minutes of your time but its results will have a great impact on the management of change. I undertake to observe anonymity and I can assure you that individual responses will not be divulged. I am dropping and collecting the questionnaires at your office the same day.

Thanking you for your indulgence.

Yours sincerely,

Lydia Tsuma

APPENDIX II: QUESTIONNAIRE

Part I: General Information

This part of the questionnaire aims to gather the demographic factors of the respondents.

Please fill out the following particulars:

1. What gender are you: Male ☐   Female ☐

2. Position:

    Managerial Level ☐   Non-managerial Level ☐

3. Nationality:

    Local Employees ☐   International Employees ☐

4. What is your age range?

    18-24 yrs ☐

    25-34 yrs ☐

    35-50 yrs ☐

    Above 50 yrs ☐

5. For how long have you worked with the organization?

    Less than 5 years ☐

    5-10 years ☐

    11-15 years ☐

    Above 15 years ☐

6. For how long have you worked in your current position?

    Less than 5 years ☐

    5-10 years ☐

    11-15 years ☐

    Above 15 years ☐

7. Educational Level

    Secondary school ☐   University school ☐

    College level ☐   Graduate level ☐

    Doctorate level ☐

8. Please tick all of the aspects of Change at your workplace that are currently changing in your organization

Aspects of Change	Strongly Disagree	Disagree	Agree	Strongly Agree
1. Review of Salaries and Remunerations	1	2	3	4
2. Creation of work divisions	1	2	3	4
3. Establishing other Department	1	2	3	4
4. Improvement of the Fiscal Budget	1	2	3	4
5. Reduction of organizational levels	1	2	3	4
6. Review of the senior management appointments with clear vetting procedure	1	2	3	4
7. Computerization at the workplace	1	2	3	4
8. Establishment of Information Desk	1	2	3	4

9.What other aspects of change not mentioned above contributed were as a result of change?

_____

_____

Part II: Major Causes of Organizational Change

This section aims to investigate the major causes of organizational change. Kindly indicate the extent to which you agree with the following statements by using a scale of 1 to 4 where 1= strongly disagree and 4 = strongly agree. Circle (O) which best describes your opinion on the drivers for change within the organization.

Components of Change	Strongly Disagree	Disagree	Agree	Strongly Agree
10. The aim to improve efficient and effective utilization of resources brought about change within the Ministry.	1	2	3	4
11. The intention to introduce new business practices brought about change (i.e. Integrated Financial Management).	1	2	3	4
12. The process of promoting Fiscal Budget accountability within the ministry was responsible for change.	1	2	3	4
13. Management of revenues, expenditures and borrowing by the government brought about change	1	2	3	4
14. Stakeholders'/Citizens' behaviour and decisions are responsible for change in the Ministry	1	2	3	4
15. Change in the nature of Ministry's work was responsible to change (i.e. devolution)	1	2	3	4
16. Decline in employees' performance was a driver for change.	1	2	3	4
17. Achievement of the expected results by the Ministry contributed to change	1	2	3	4

18. What other factors not mentioned above contributed to change within the organization?

Part II: Elements of Strategic Change

This section aims to identify the elements of strategic change. Kindly indicate the extent to which you agree with the following statements by using a scale of 1 to 4 where 1= strongly disagree and 4 = strongly agree. Circle (O) which best describes your opinion on the employee resistance to change.

	Strongly Disagree	Disagree	Agree	Strongly Agree
1. Change initiatives are developed with the collaboration of senior managers and the employees within the organization	1	2	3	4
2. Managers' response proactively in the anticipation of the need for future change.	1	2	3	4
3. Staff feel that there is clarity in the nature of change	1	2	3	4
4. Top-down change may have to be imposed as directive in a coercive manner for speedy execution of change.	1	2	3	4
5. Top management understand the issues arising from change	1	2	3	4
6. A top down approach encourage the needed and employee commitment to the required changes.	1	2	3	4
7. Mentoring and coaching have been provided to the employees to enable make a smooth transition.	1	2	3	4
8. Through power-coercive strategy, management has recognized and fairly rewarded employees for their contribution to change process.	1	2	3	4
9. The top leadership makes an effort to identify and utilize the potential of the employees in the change process	1	2	3	4
10. The leaders within the Ministry create the vision for more participative change	1	2	3	4
11. Each department chooses the way in which change is implemented to ensure staff ownership and commitment.	1	2	3	4
12. The department mobilizes the awareness and the need for change	1	2	3	4
13. The supervisors in the Ministry fosters consensus for the new vision through competence to enact change	1	2	3	4

14. What are the other elements of strategic change?

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Part III: Impact of Strategic Change on Employee Performance

This section aims to determine the impact of strategic change on employee performance. Kindly indicate the extent to which you agree with the following statements by using a scale of 1 to 4 where 1= strongly disagree and 4 = strongly agree. Circle (O) which best describes your opinion on strategies to ensure successful change implementation.

	Strongly Disagree	Disagree	Agree	Strongly Agree
1. With strategic change, there is faster decision making.	1	2	3	4
2. The change has led to improved performance at the Ministry.	1	2	3	4
3. As a result of change, there are greater demands placed on employees to improve their skills at the workplace.	1	2	3	4
4. With change there is enhanced generation of ideas for operation efficiency.	1	2	3	4
5. Technological advancement brought about by change helps the Ministry achieve its strategic goals.	1	2	3	4
6. As a result of change, there has been improved relationship between employees and the supervisors leading to job satisfaction.	1	2	3	4
7. With strategic change, feelings and facts are shared through open communication.	1	2	3	4
8. The rapid changes occurring at the Ministry have increased its financial performance	1	2	3	4
9. Employees in the team find their work more interesting focused on the tasks.	1	2	3	4
10. Employees' empowerment in the day-to-day work procedures and reporting relationships for the better.	1	2	3	4

11. What are the other impacts of change on employee performance?

_____