EFFECTS OF CHANGE MANAGEMENT PRACTICES ON FINANCIAL PERFORMANCE OF THE POSTAL CORPORATION OF KENYA

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D53/0L/10436/04

A RESEARCH PROJECT SUBMITTED TO THE DEPARTMENT OF BUSINESS ADMINISTRATION IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE MASTER OF BUSINESS ADMINISTRATION KENYATTA UNIVERSITY

MARCH 2011

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Effects of change management practices on
DECLARATION

This project is my original work, and has not been presented for a degree in any other University or for any other award

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DEDICATION

This study is dedicated to my Wife and Children who without them it would have not been possible for me to undertake the course through Distance Learning Mode.

I am most grateful to Chief Albert K. Wanyonyi who is the Director, Distance Learning for all the assistance, support and guidance during the period of writing this project.

I am very grateful to all my teachers and colleagues for their full support and encouragement during the writing of this project.

I would like to thank the Principal of the School for the opportunity to pursue my studies. I would also like to thank the staff of the school in particular my principal, teachers and my colleagues at the Postal Corporation of Kenya for their great inspiration.

Finally I am indebted to my family for their love, patience and encouragement during my study. To my wife Patricio Atieno, daughter Estacion and Brother Boniface Alego, your support, patience and understanding have been a source of great inspiration.

Thank you all for your patience and understanding. Thank you for giving me time to get through my studies.
ACKNOWLEDGEMENTS

I wish to express my sincere gratitude and deep appreciation to my supervisors James R. Maina and Joel Ngugi for their guidance, valuable comments, encouragement and support.

I am most grateful to Prof. Edwin K. Wamukoya who is the Director, Mombasa Campus for all the assistance rendered to me during the period of writing this project.

I am very grateful to all my research assistants and respondents for their full support and acceptance to participate in this study.

I would like to thank the Postal Corporation of Kenya for giving me the opportunity to pursue my studies at Kenyatta University. I also would like to extend in a special way my sincere appreciations to my colleagues at the Postal Corporation of Kenya for their great inspiration.

Finally I am indebted to my family for their love, patience and encouragement during my study. To my wife Patricia Atieno, daughter Edwina and Brother Boniface Alego your support, patience and understanding have been truly appreciated.

Thank you all for putting up with the tough circumstances and for giving me time to get through my studies.
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ABSTRACT

In the contemporary global business environment, the nature of change has increased in degree and pace. The change management practices in any organization normally have various ramifications and effects. It was from this background that the present study intended to investigate the effects of change management practices on financial performance at the Postal Corporation of Kenya. The study was a descriptive survey. The target population for the study was five hundred and eighty nine employees of the Postal Corporation of Kenya at the headquarters in Nairobi. A sample size of 88 respondents was selected using the stratified and proportionate sampling techniques. Primary data was from the PCK employees using a structured research questionnaire. A pilot survey was conducted to pre-test the questionnaire with the aim of enhancing the reliability and validity of the questionnaire. Secondary data will be gathered through a review of existing published and unpublished material on change management and its effects on financial performance. This was obtained from books, journals, websites and PCK organization publications. Descriptive and thematic analysis techniques were used to analyse the data. Tables and charts were used to present the data collected for ease of understanding and analysis.

The study found that change management has significant positive effect on the aspects of financial performance which were being investigated- revenue collection, cost management and profitability. The study concludes that the case of PCK is evidence that public sector firms can also adopt successfully practices which have been a preserve of the private sector. The study however recommends that the management be on the look out for new to enable PCK to achieve optimum potential which it has not been able to do despite the successes noted.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

1.1.1 Change

The field of organizational change is one ripe for a critical setting of competing views. One of the main differences in this broad competing view is the one which separates the theoreticians from the practitioners, (Buchanan, 2002). The practitioners, who ascribe to the large consulting firm model of change, are seen as advocating the rational-linear view of organizational change, while the theoreticians are perceived as supporting the systemic-multivariate view of organizational change (Chapman 2005-06). It is commonly observed among the advocates of the rational-linear view of organizational change that there is an optimum solution for organizing labour, raw materials and capital and for adopting new organizational practices (Chapman 2005-06). Within this view, the focus has been primarily on the contingencies necessary for the success and effectiveness of implementing organizational change. Situational models of contingencies, under which different approaches to change assume one-best-way across business contexts or timescales (Lee, 2011; Smith, 2011 and Saka, 2003), present an ideal model of what happens in organisations at different points in time or in different contexts.

Although a contingency approach to organizational change has encouraged practitioners to consider aspects of their environment, technology and size as a basis for deciding on the appropriate paths of change, it delineates deterministic assumptions about the nature of change in organizations, presents inadequate appreciation of the role of strategic choice,
beliefs and power and neglects the fact that organizations are collections of diverse interests (Dawson, 2006).

1.1.2 Change Management

Change management refers to planned and deliberate alteration of existing situation to future desired position of a system or organization. It is the process of introducing changes to organization that assist it transition from the current state to the desired future state. Change management involves introducing systematic and gradual changes that are controlled and consciously implemented (Nelson and Aaron, 2005). Change management is sometimes used to mean management of change in organizations. It also means managing organizational changes or transforming organizations to desired state. Change management is a set of processes that is employed to ensure that significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change (Mullins, 2005). One of the goals of change management is with regards to the human aspects of overcoming resistance to change in order for organizational members to buy into change and achieve the organization's goal of an orderly and effective transformation (Diefenbach, 2006a).

The introduction of change brings in a lot of resistance and conflict with the employees. This is because any change in ‘status quo’ brings in apprehension as no one knows what the outcome maybe. It is for this reason that management must prepare and anticipate the likely reactions of employees and determine how to deal with them (Saka, 2003). The different perceptions to change come because of the difference in the background of employees and their perception of the change outcome. Change can be studied in terms of its effects at the individual, group, and organization, and society, at national or international level, (Mullins,
Perception refers to the way we see or view things or simply our attitude towards things or people. We perceive things in different ways because we have our own image of the world. According to Mullins (2005), we all have our own ‘world’, our own way of looking at and understanding our environment and the people within it.

1.1.3 Change Management Practices

The major approaches in change are those aimed at changing people’s behaviour, those aimed at changing organization structures and those aimed at problem analysis. The activities designed to change behaviour at work include coaching and counseling, intergroup activities, and training and development (Carter and Goldsmith, 2001). Activities aimed at changing structures include role analysis, job redesign and job enrichment. Activities aimed primarily at problem analysis include diagnostic activities, planning and objective-setting activities, process consultation, benchmarking and business process reengineering. All these require an effective communication system (Hiatt and Creasey, 2003).

The change process in any organization normally happens due to the awareness of the need for change. In the recent years especially, the nature of change has increased in degree and pace (Rukunga, 2003). In this regard, an organization has first to identify the factors that have created this necessity for change, identify their characteristics and then determine how the changes will be done. The factors that contribute to change range from cost reduction, redundancies, technological, cultural change and performance improvement (Pettigrew and Whipp, 2003).

For those who believe in the principles that underlie it, change management practices as philosophy legitimates ‘the interests of management in how organizations are managed,
stressing the role and accountability of individual managers and their positions as managers' (McAuley et al., 2000)

There is much research reporting on implementation of change programmes where the resulting picture is far from a replica of discrete set of economic, structural and technological contingencies (Senge, 2000).

1.1.4 Overview of the Kenya Postal Corporation

The Postal history in Kenya dates from the early years of the 17th century. A Portuguese governor was installed in Mombasa in 1592 and official correspondence between the town and the outside world has been recorded from 1610 onwards, carried by ship to Arabia and India and transmitted to Europe by the overland route. Early letters from the interior of Kenya date from about 1848 when the missionaries sent their correspondence by native runners to the Coast for onward transmission.

By 1877 some letters from Coast were being taken north from Lamu to Aden by ships of the British Steam Navigation Company, although the bulk of mail was being transmitted via Zanzibar. A system of mail-runners was developed and expanded by the British East Africa Association, while individual traders and concessionaries organized their own service. That enjoyed the use of distinctive postage stamps in 1889-90.

Postal services at the beginning of the last century had developed rapidly compared with the 1890s, mainly as a result of the construction of the Uganda railway. In 1895, for instance, mail took a fortnight to cover the 394 km between Mombasa and Machakos; ten years later from Mombasa to Nairobi (426 km) it took 28 hours.
On 1st July 1933 a Postal Union of the three East African territories came into operation and was further strengthened by the East African Customs and Postal Union formally introduced on 1st May 1935. Although the East African countries became independent sovereign states between 1961 and 1963, they continued cooperating closely with one another in a number of ways, not the least being their common postal services which culminated into the formation of East African Posts and Telecommunications Corporation (EAP&TC) under the Treaty for East African Cooperation. This came into effect on 1st December 1967. In 1977, due to the break up of the East African Community, the Kenya Posts and Telecommunications Corporation (KP&TC) was established. In the EAP&TC and KP&TC eras postal services were provided under a department of the larger Corporations.

Due to emerging market and economic trends and spearheaded by the Universal Postal Union (UPU), efforts to separate postal services from those of Telecommunications were initiated in the late 1980s. They bore fruit in Kenya and in July 1999, the KP&TC was split to create, among others, the Postal Corporation of Kenya (PCK) whose mandate under the Postal Corporation Act of 1998 is to provide and operate postal services, postal financial services, and perform other functions and duties as the minister of communications may assign. Following the split PCK needed to change several important features of its life – the organization mission and strategy, its structure, products and processes, its people, its culture and the nature of technology employed. The workforce was to be trained, made leaner and adaptive to new technology (Kandie, 2001).

1.2 Statement of the Problem

The PCK has adopted various change management practices in various areas such as technology, employee restructuring and business process reengineering. While change
management has been in place for a period of four years, its impact on the financial performance of the organisation have not been ascertained and documented. The proposed study therefore intends to investigate the effects of the change management practices adopted by the Postal Corporation of Kenya on the organisation’s financial performance.

A study by Kandie (2001) concludes that whereas Telkom Kenya Limited realized the need to change their strategy due to change in the competitive environment, they lacked finances and managerial empowerment. Although further studies by Mbogo (2003), Rukunga (2003), Owora (2003) and Kathuku (2004) noted that more Kenyan organizations have responded to the changing environmental conditions; they did not focus much on how changes in management have been managed and the impact on the introduction of reforms and modernization in public corporations in order to ensure sustained success.

Not many studies have been done to ascertain how change has been managed and the perceived impact of the practices adopted in public reforms sector and no study has been done on PCK in particular to determine the Change management practices adopted at PCK in its Reform and Modernization programme and the perceived impact of the changes on the strategic goals of PCK. Hence the knowledge gap exists. Taking all this into account, it is important to study the practices PCK have used in the Reforms and Modernization programme. The study will focus on practices PCK adopted in carrying out it’s Reform and Modernization programme, as well as looking at the impact on this programme, to bridge the gap.
1.3 Objectives of the Study

The main objective of the study was to establish the impact of change management practices on the financial performance of Postal Corporation of Kenya.

1.3.1 Specific objectives

The main objective was broken down into the following specific objectives;

1. To find out the implication of adoption of change management practices on revenue levels at PCK
2. To establish the effect of performance contracting on expenditures at the PCK
3. To determine the influence of adoption of change management practices had on PCK’s profitability

1.4 Research Questions

The study will seek to answer the following research questions:

1. What is the implication of adoption of change management practices on revenue levels at PCK?
2. What is the effect of performance contracting on expenditures at the PCK?
3. What influence has adoption of change management practices had on PCK’s profitability?

1.5 Importance of the Study

The study will be of importance to other government agencies whose interest lies on improved services delivery for economic development and creating investor confidence. It will assist the government in pointing out areas of difficulties in the allocating of resources towards addressing priority needs. The study will also help the government in formulating a
policy on the regulatory process in the economy in the areas that necessitate strategic change management, in order to ensure orderly economic growth and development.

The study will help the researcher to gain problem solving skills as well as the skills of academic report writing. The researcher will also benefit through the communication and writing skills that will be gained by the time the research project is completed. In addition, the results of the study will be important to the practitioners and academicians both in the private and public sector by contributing to the existing body of knowledge in the area of strategic management in general and change management practices in particular. Academicians may use findings for further research, while practitioners may apply lessons in planning and implementing future changes.

The study will provide a platform for further research in the area of change management and in particular the practices that will contribute to successful strategic change management in commercial banks in Kenya. In the academic field, future researchers can use the study as a reference point if one is researching on change management and related topics. The findings of the study will be of use to trainers in human resource in that it will assist them in knowing the areas which should be given concentration when training managers on change management.

1.6 Limitations of the Study

The study was limited by the responses given by the respondents. At times the respondents appeared to be biased in the information they gave. To mitigate this, the respondents were informed of the significance of this study and the need for objectivity. The study also assured the respondents that the information given will be treated in strict confidence and used only for pedagogical purposes. The study was limited by the fact that it could not collect from all
areas of PCK as it is a very large corporation with widespread branches in the country. This was addressed by picking a representative sample. Another limitation is to do with the extent to which the study can be generalized. The study’s recommendation can thus only apply to the public sector or organizations with characteristics like that of PCK.

1.7 Delimitations of the Study

The study was restricted to the PCK as the main focus. The study also restricted itself to the topic of effects of the change management practices on financial performance of the organization. But PCK is wide and has many workers and the study will interview the management at the headquarters where key departmental head offices are located.

1.8 Assumptions of the Study

The study was based on the following fundamental assumptions:

(i) The study would achieve a good response rate. Mugenda and Mugenda (2003) establish a threshold of 50% as the minimal response rate for data reporting. Because almost all data collection methods have some biases associated with them, data will be collected through multi methods and from multiple sources which will lend rigor to the research.

(ii) The respondents would give objective and reliable data. To ensure objectivity, the ability of the participants to answer adequately will be associated by avoiding distorted questions whose content is biased by what is included or omitted. The participants will be encouraged to give accurate responses, and provide adequate amount of information. The instruments will be made reliable measure by minimizing biases and ensuring consistency.
1.9 Theoretical Framework

Barnard Werner, a noted motivation theorist, developed an attribution model to explain achievement behavior and to predict subsequent changes in motivation and performance. Werner believes that attribution process begins after an individual performs a task. A person's performance leads him or her to judge whether it successful or unsuccessful. This evaluation then produces a causal analysis to determine if performance was due to eternal or external factors (Njau, 2000). The current models of attribution, such as Kelly's, are based on pioneering work of the late Fridz Heider. Heider the founder of the attribution theory, proposed that behavior can attributed either to internal factors within a person such as ability or external factors within the environment (such as a difficult task).

The study was be guided by the attribution theory. The theory argues that behavior is determined by a combination of perceived internal forces and external forces. Therefore any change in the PCK will be affected by loss of money, job security, disruption of their social patterns or the fear that employees may not be able to cope with the new changes, or adoption of change.

According to Burnes (2001) there are three schools of thought that form the central planks on which change management theory stands; first there is the individual perspective school, which assumes that individual behavior results from his interaction with the environment. Human actions are conditioned by expected consequences and behavior is rewarded to be repeated and vice versa. Psychologists argue that behavior is influenced by external stimuli. Second there is the group dynamics school, which argues that individuals' behavior is a function of group environment. Individuals behave in a way that conforms to group pressure,
norms, roles and values. Change focus in such a case should be on influencing group norms, roles, and values to bring about successful strategic change. And third there is the open systems school whose focus is on the entire organization. It sees the organization as being composed of different sub systems, which are the goals and values sub systems, the technical subsystem, the psychological sub system and the managerial subsystem (Rukunga, 2003). A change in one part of the system has an impact on other parts of the system. Change can therefore be achieved by changing the sub systems but one then needs to understand the interrelationship of the subsystems.

1.10 Conceptual Framework

A conceptual framework is used in research to outline possible courses of action or to present a preferred approach to an idea or thought. The following conceptual framework shows the relationship between the independent variable(s) and dependent variable(s). In this study the independent variable was the change management practices. The dependent variables are the aspects of financial performance which are affected by change management.

Figure 1.1: Conceptual Framework
1.11 Operational Definition of Terms

The following keys terms were used in the context of the study.

**Change**: The process of an individual, or group of individual, or organisations becoming different or diverting from the norm.

**Change Management** - a structured approach to transitioning individuals, teams, and organizations from a current state to a desired future state.

**Corporation**: A group which is chartered by a state and given many legal rights as an entity separate from its owners. This form of business is characterized by the limited liability of its owners, the issuance of shares of easily transferable stock, and existence as a going concern. Incorporation, gives the company separate legal standing from its owners and protects those owners from being personally liable in the event that the company is sued (limited liability).

**Group**: consists of two or more persons who interact with each other, consciously for the achievement of certain objectives. The members of the group are interdependent, are aware that they are part of the group. They influence and are influenced by each other.

**Business Process Re-engineering**: Refers to the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service and speed.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter discusses the past studies which were relevant to the present study. The specific areas covered here were change management, change management practices and the effects of change management on financial performance.

2.2 Change Management Practices

The constancy of change is a widely noted theme in any reading of the literature of organisational management. Phrases such “the only constant factor in (organisational) life is the need to change” are commonly encountered. That constancy of change is not a new concept. More than 2,000 years ago the Greek philosopher Heraclitus (536-470BC) held to the doctrine that everything was in a continual state of flux and that nothing is permanent but change (Smith, 2011). What is different is that the pace and scale of change – social, politico-economic and technological – are rapidly increasing. Graetz et al. (2000, p. 550) encapsulates this well:

Against a backdrop if increasing globalisation, deregulation, the rapid pace of technological innovation, a growing knowledge workforce and shifting social and demographic trends, few would dispute that the primary task for management today is the leadership of organisational change.

Change is as necessary and as inevitable in business as it is in life. A business that fails to change is one that is doomed to extinction. As the environment changes, a business must
adapt. It has to respond to new technologies, new competitors, innovation and changed expectations from customers (Marcus, 2010). Change management is important for the long term survival of an organization. While many organizations may be focused on goals, these goals are often specific to achieving a certain outcome based on one-time instances. However, change is a constant variant in the workplace, and organizations that do not effectively create and manage change can lessen their profitability in the market (Aira, 2010).

Businesses go through the same responses to change as individuals and knowing the steps involved can help direct businesses towards positive responses to changes. Denial, anger, bargaining, depression, acceptance, experimentation, discovery, and, integration are all part of the process of reaction to change (Ogwora 2003). If a business can recognize the stages in the process, then they can develop an effective strategy based on where they are in the cycle. Poor management of change can leave an organization stuck in negative stages of change without moving forward into the latter stages, and therefore, will may see a drop in instead of an increase in profits (Halachmi, 2011).

There are different models used for change management and will vary depending on business size, marketing strategies, or corporate culture. One tool can include a SWOT analysis. A SWOT analysis is used to assess a businesses strengths, weaknesses, opportunities, and threats (Mbogo, 2003). Strength areas include management experience, a unique marketing niche, or solid history in the marketplace. Weaknesses can be a poor labor pool, recent negative feedback, lack of market share, or small membership base. Examples of opportunities are goals that a business feels are attainable such as improved website traffic, or an expanding customer base, while on the flipside, threats can barriers to achieving those goals whether in the form of be new competitors, rising costs, or new regulations (Atilgan
and McCullen, 2011). This format allows a business to manage change through key areas on a consistent basis from year to year. Reevaluation of the SWOT analysis should be done periodically to see if it still applies to the current condition of the company, assess whether goals have been met and threats have changed (Bhat and Sushil, 2011).

Companies also face a challenge when using subjective reasoning versus objective reasoning when developing goals and actions plans. Objective goals are easier to measure, as they rely on data and numbers to verify whether the goals have been met (Hiatt and Creasey, 2003). However, subjective, non-numeric information such as employee morale or customer satisfaction can be equally important in managing changes, but it may be harder to measure results. Companies that ignore subjective goals may be managing change poorly in areas that cannot produce hard numbers for guidance. While improving customer satisfaction by responding to changes in market preferences can increase revenues and profit, low employee morale can increase labor costs through lack of productivity (Colville and Millner, 2010).

There is convincing empirical evidence that change management practices is on the agenda not only in industrialized Western nations such as USA and Canada, UK and continental Europe, Australia and New Zealand (Mbogo, 2003; Pina and Torres, 2003; Torres, 2004; Bhat, and Sushil, 2011, Hallencreutz and Turner, 2011; Essers, 2009; Smith, 2011), but also in many industrialized and even developing countries in Asia and Africa (Haque, 1999). It is a “global phenomenon” (Kirkpatrick et al., 2005).

Internalization of management-derived and sanctioned beliefs, norms and values, in the sense that they become part of the change management practices; thereby they develop into moral
obligations (moral involvement) that impel autonomously particular forms of behavior (McCauley, 2007).

Although a contingency approach to organizational change has encouraged practitioners to consider aspects of their environment, technology and size as a basis for deciding on the appropriate paths of change, it delineates deterministic assumptions about the nature of change in organizations, presents inadequate appreciation of the role of strategic choice, beliefs and power and neglects the fact that organizations are collections of diverse interests (Colville and Millner, 2010).

Some organizations recognise the need for change management as an integral part of the change implementation. The requirements for change management are included in the planning. Employees are usually included in the process - it is they who are likely to be most affected. Even when the change management has been thoroughly planned and mapped out, there is a negative impact on the business. Effective change management helps to mitigate this impact.

The success of implementing change is generally associated with those who facilitate the change process. The change agent is defined here as a manager who seeks to reconfigure an organisation's roles, responsibilities, structures, outputs, processes, systems, technology or other resources (Carr and Hancock, 2006) in the light of improving organisational effectiveness.

Studies in change management practices have also been done in Kenya. Katembe (1976) studied the problems of workers participation in management, Mwangi (1983) carried out a statistical forecasting as a method of management and control of inventory, Ngene (2002) did
a survey on empirical investigation into portfolio performance measures by pension fund managers and the challenges they face in portfolio management in Kenya while Lijungu (1976) industrial relations and personnel management in Kenya.

A study by Kandie (2001) concludes that whereas Telkom Kenya Limited realized the need to change their strategy due to change in the competitive environment, they lacked finances and managerial empowerment. Although further studies by Mbogo, Rukunga, Ogwora (2003) and Kathuka (2004) noted that more Kenyan organizations have responded to the changing environmental conditions; they did not focus much on how changes in management have been managed and the impact on the introduction of reforms and modernization in public corporations in order to ensure sustained success.

2.3 Effects of Change Management on Financial Performance

According to Hughes and O'Neill, (2000), during the last two decades organisations have come under increasing pressure to improve performance and demonstrate greater transparency and accountability. This pressure has resulted in public sector organisations facing shifts in ways of operating. Various corporate change strategies have been adopted by different public sector agencies, many of these cloning managerial practices from the private sector. These changes in public sector organisations have had enormous significance on the performance of these organisations.

Quantifying the benefits of change management can be difficult depending on the scope and depth of the changes. Many aspects of change management are quantifiable such as processes and procedures, efficiency and other performance metrics. It is important to remember that there are also qualitative aspects of change management that are none the less important,
such as employee morale and corporate culture. The best change management strategies have a performance metric in place to measure the process from start to finish and continued monitoring after.

A group of authors (Almaraz, 2004; Smith 2011; Brown et al., 2003) have linked successful change management to improvement in the financial performance of organisations. Even when managed in the most professional manner, business change is difficult for many to deal with. The change is almost always accompanied by insecurity, resistance and low morale. When management of change is poor, the results can be devastating. Every aspect of the business can suffer, leading to a lowering of profitability (Brown and Waterhouse, 2003).

According to Almaraz, (2004) successful implementation of change leads to betterment of quality of services and products which in turn improve an organisation's bottom line. This may be in terms of the product or service itself, the process of creating such a product or service, or even the perception consumers have regarding the product or services. The act of implementing a quality programme focused at one of these dimensions may be short term and immediate. Such efforts can be easily measured and recorded.

Smith (2011) noted that when organisation implement relevant change management approach they are able to improve quality and productivity with savings in expenditures and increases in revenue streams both in the short term as well as in the long run. Organisations adopting a commitment to quality in its change management process typically focus on identifying good standards of performance and performance targets, working to meet the identified and desired standards of practice and then assessing performance against the standards and targets. Carr and Hancock, (2006) holds the view that comparison and benchmarking with
others, evidence based analysis and decision making, and the application of process and/or systems based analysis are all frequent characteristics of organisations pursuing a quality agenda in a strategic change management process. Quality initiatives focus both at the macro level and through all organisational levels down to the work of teams and individuals.

Brown et al., (2003) argue that change management in the public sector also meant the introduction of managerialist practices that are ideologically opposed to the traditional public service ethos. Unlike their private sector counterparts, public sector organisations were not required to be inured to the ideals of a competitive market. They are now being required to implement such practices as sub-contracting, the creation of internal markets, local pay bargaining and performance-related pay. However with change management these organisations have been forced to adopt practices thought to be a preserve of the private sector. This has in turn improved their service delivery, streamlined expenditures and also broadened the cash in flows.

According to Zou and Lee (2008) change cost is one of the most sensitive aspects of construction project management, but it is also one of the most difficult to control. Zou and Lee (2008) found that construction projects that adopt change management practices generally incur lower change costs in comparison with project budgets. The data analysis results show that individual change management practices elements have different levels of leverage in helping to control project change cost and that using change management practices is truly helpful in lowering the proportion of change cost in project actual cost.

On the other hand there are scholars (Hughes and O'Neill, 2000 ;) who have found that change management practices are harmful to the organisation performance. Hughes and
O’Neill, 2000 found that the combined effects of the change result in lower productivity. According to Hughes and O’Neill, (2000) employees are unmotivated and their work related efforts diminish. These effects are common to all business change. When the change is well-managed and planned, the effect is minimised. Productivity and morale are soon restored to their former levels and may even improve.

Tabrizi (2007) argues that in many cases, first effects of change on employees, leaders, and on performance levels are negative. These effects include fears, stress, frustration and denial of change. Most employees tend to react with resistance to change rather than seeing change as a chance to initiate improvements. They are afraid of losing something, because they have incomplete information on how the change processes will effect their personal situation in terms of tasks, workload, or responsibilities.

When change management is poor or has been dealt with as an after-thought, the damage may be longer lasting and may become a permanent feature of life in the business. When change is planned without the involvement of the work-force, a degree of alienation takes place (Nelson and Aaron, 2005). Employees become angry and dispirited. They lose trust in management. As news of change begins to reach the employees, rumours flourish. As the rumours grow, many employees - including highly skilled and knowledgeable staff - place themselves on the job market. The business is set to lose valuable resources and intellectual property. Unlike well-managed change, morale remains low. A long-term loss of trust in management has taken place. Motivation remains low and productivity may take years to recover (Atilgan and McCullen, 2011).
According to Aira (2010) the loss of key personnel, low morale and productivity all lead to a negative effect on the bottom line. News of the poor performance of the business spreads and profitability drops. Poor change management can impact negatively on the profitability of a business both in the short and long term.

2.4 Critical Review

From the literature reviewed there emerged varied issues. First, it comes out that change management takes various forms and affects different aspects of the organization differently. It has also emerged that change management can have negative or positive effect on the organization performance. Another emergent issue is that most available studies on change management have been undertaken in the developed countries and not in Africa and specifically Kenya. These studies have also been undertaken in the private sector firms. Therefore, the proposed study was intended to fill this knowledge gap by conducting an investigation on the effects of change management of financial performance with a case of Postal Corporation of Kenya.
3.1 Introduction

This chapter presents the research methodology. The chapter explains the research design used as well as the study population. It goes on to give the sampling technique and the sample size. It also presents the data collection tools and procedures as well as data analysis. It ends with describing how the data will be presented.

3.2 Research Design

This study was a descriptive survey aimed at finding out the nature and effects of change management practices at postal corporation Kenya. According to Cooper and Schindler (2000), a descriptive study is concerned with finding out the what, where and how of a phenomenon. Descriptive design was deemed to be suitable for the proposed study in assessing the nature and effects of the existing change management practices at the PCK.

3.3 Study Location

The study was conducted in Nairobi at the PCK headquarters at Posta House, off Kenyatta Avenue.

3.4 Population of the Study

The population of the study was the employees of the PCK at the Headquarters in Nairobi. There were five hundred and eighty nine employees at the headquarters. The distribution of the population for the study is as shown in the table 3.1;
### Table 3.1: The Target Population

<table>
<thead>
<tr>
<th>Category</th>
<th>Target Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrators</td>
<td>39</td>
</tr>
<tr>
<td>Middle Level Employee</td>
<td>116</td>
</tr>
<tr>
<td>Support Staff</td>
<td>434</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>589</strong></td>
</tr>
</tbody>
</table>

Source: PCK Human Resource Department (December 2010).

### 3.5 Sampling Technique and Sample Size

The study used stratified and proportionate sampling techniques. The employees at the PCK were categorized based on their ranking in the organisation and also based on their involvement in the change management process. As such, three strata emerged; Administrators, Middle Level Employee and the Support Staff. The study then took 15% of each stratum to get a sample size of 88 respondents as shown in table 3.2. This was consistent to Mugenda and Mugenda (2003), who argued that a sample size of more than 30 respondents or at least 10 percent is usually appropriate for social science research.

### Table 3.2: Sample Size

<table>
<thead>
<tr>
<th>Category</th>
<th>Target Population</th>
<th>Sample Size</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
<td>15% X</td>
</tr>
<tr>
<td>Administrators</td>
<td>39</td>
<td>6</td>
</tr>
<tr>
<td>Middle Level Employee</td>
<td>116</td>
<td>17</td>
</tr>
<tr>
<td>Support Staff</td>
<td>434</td>
<td>65</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>589</strong></td>
<td><strong>88</strong></td>
</tr>
</tbody>
</table>

Source: Author (2011)
3.6 Data Collection

Both primary and secondary data were used for the study. Primary data included first hand facts, assumptions or premises obtained directly from the respondents. Secondary data is the applied to facts, assumptions and premises contained in the documentary sources. Primary data was collected from the PCK employees using a structured research questionnaire (Appendix I). Structure questionnaire have closed questions whereby the respondent is presented with options and choices of answers. Cohen, et al., (2000) observed that this type of questionnaire is appropriate as it eliminates the problem of ambiguous responses. Such a questionnaire allows for the exploration of patterns and trends which help to describe what is happening in the social science context and provide a measure of respondents’ opinions, attitudes, feelings, and perceptions about issues of particular concern to the evaluator. They also help to identify patterns and trends that merit further exploration using qualitative methods.

The questionnaire gathered both quantitative and qualitative data. The questionnaire was designed in line with the research questions and the conceptual framework. The questionnaires were administered using the drop and pick method by the researcher with the help of research assistants. This method was deemed suitable as it gives the respondents ample time to fill the questionnaire appropriately. The questionnaires were collected after two weeks. A reminder message was sent to the respondent after one week to enhance the response rate.

A pilot survey was conducted to pre-test the questionnaire with the aim of enhancing the reliability and validity of the questionnaire. This was done by visiting one of the PCK branch
in Nairobi region and administering the questionnaire to five employees. After the pre-testing the questionnaire was adjusted accordingly to capture relevant elements which were left out in the initial designing of the research instruments and which were deemed vital in the achievements of the objectives of the study. The questionnaire was also critiqued by the research supervisors to ensure it is appropriate.

Secondary data was gathered through a review of existing published and unpublished material on change management and its effect. This was obtained from books, journals, websites and PCK organization publications.

3.7 Data Analysis

Before processing the responses, the completed questionnaires were edited for completeness and consistency. Descriptive and thematic analysis techniques were used to analyse and interpret the data collected. Descriptive statistics will be used to summarize the data. Quantitative data will be analyzed using the SPSS tools while the qualitative data will be analyzed using content analysis. This will include percentages and frequencies. Thematic analysis technique involved grouping the data into distinct themes and subjects as they emerged. Linear Regression analysis was then conducted to ascertain the correlation between change management practices and the expenditures, revenues and profitability of the PCK. The effect of performance contracting on state corporations was the dependent variable and the independent variables were revenue, expenditures and profitability. Tables and charts were used to present the data collected for ease of understanding and analysis.
CHAPTER FOUR
FINDINGS AND INTERPRETATIONS

4.1 Introduction

This chapter presents the data analysis and interpretation, the data is presented as per the study's objectives. There were four objectives which guided the study.

4.2 Response Rate

The researcher administered 88 questionnaires to the respondents. Sixty three (63) respondents filled the questionnaires and returned them; this represented 71% of the sample. The findings are based on the responses obtained from the returned questionnaires.

4.3 Bio Data

The researcher sought the personal information of the respondents. This information was given in terms gender, age, duration of service and highest academic levels.

4.3.1 Gender

The researcher sought to get an insight into the gender distribution among the respondents. As shown in figure 4.1 below, the respondents were distributed across both genders.

![Gender Distribution](figure.png)

Figure 4.1: Gender of the Respondents

From figure 4.1, fifty two percent (52%) of the respondents were male while 48% were female. This implies that the study findings have a gender balance and are not biased toward one gender.
4.3.2 Respondents Age

The study also sought to know the age distribution of the respondents. This is shown in table 4.1.

**Table 4.1: Respondent’s Age**

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 25 years</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>26-35 years</td>
<td>15</td>
<td>24</td>
</tr>
<tr>
<td>36-45 years</td>
<td>19</td>
<td>30</td>
</tr>
<tr>
<td>46-55 years</td>
<td>14</td>
<td>22</td>
</tr>
<tr>
<td>Above 55 years</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Researcher

The table shows that the respondents were fairly distributed across all age groups in the Postal Corporation of Kenya. This implies that the findings obtained do not have any age bias.

4.3.3 Academic Level

Figure 4.2 illustrates the responses obtained regarding the highest academic qualification, of the respondents.

![Figure 4.2: Highest academic qualification of the respondents](image)

Figure 4.2: Highest academic qualification of the respondents
The results show that majority of the respondents (73%) were graduates, 8% had a Masters degree; 13% were schooled up to O Levels while the rest 6% attained A Levels. The findings indicate that to work at the PCK one has to be schooled at least up to O levels. The findings also imply that the respondents were reliable in offering the information that was being sought by the study.

4.3.4 Duration of Service
The study also sought to know for how long the respondents had been working at the PCK. The results are shown in the table 4.3 below

Table 4.2: Duration of Service

<table>
<thead>
<tr>
<th>Years of service</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Less than 1 yrs</td>
<td>7</td>
</tr>
<tr>
<td>1-5 yrs</td>
<td>13</td>
</tr>
<tr>
<td>Over 6 years</td>
<td>43</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
</tr>
</tbody>
</table>

Source: Researcher

The results show that 68% of the respondents have been at the PCK for over 6 years; 21% have been at the PCK for between one and five years while 11% had been at the corporation for less than one year. This implies that the respondents are well informed on the topic of study. Therefore their responses enhanced reliability and credibility of the findings.

4.3.5 Respondents Departments
Table 4.3 shows the departments where the respondents are working in. The results shows that the respondents were fairly distributed across all the departments at the PCK. This implies that the findings of the study are representative of all the aspects of the organisation with regard to change management practices and its effect on financial performance of PCK.
Table 4.3: Departments Where Respondents Work

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Administration</td>
<td>3</td>
</tr>
<tr>
<td>Finance / Accounts</td>
<td>3</td>
</tr>
<tr>
<td>Human Resource</td>
<td>9</td>
</tr>
<tr>
<td>IT</td>
<td>4</td>
</tr>
<tr>
<td>Operations</td>
<td>20</td>
</tr>
<tr>
<td>Marketing</td>
<td>10</td>
</tr>
<tr>
<td>Others</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>63</td>
</tr>
</tbody>
</table>

Source: Researcher

4.4 Impact of Change Management on Revenue Collection Systems

In this section the study sought to find out the impact that the adoption of change management practices has had on the revenues of PCK.

4.4.1 Effect of Change Management on Revenue Collection Mechanisms

First the study sought to know the nature of revenue collection system at the PCK. The respondents indicated that the revenue collection mechanisms at the PCK are simple in nature. In most cases products and services are offered over the counter with payments being in cash. The amount of cash at the end of the day is banked by the accounts clerk or the authorized person in any point of sale. Where amounts of revenue are higher and given the nature of the product or service the corporation also uses cheques. There are also cases where the corporation engages the services of agents to provide services or sell products on their behalf. These agents submit revenues at the end of every month through cheques. The respondents also indicated that the corporation has automatic vending machines which dispense stamps once certain coins are inserted. The corporation also receives funding from the central government to supplement its revenues and support its operations.
The study then sought to know how the revenue collection was before change management was implemented. Figure 4.3 shows the state the revenue collection mechanisms were before adoption of change management practices.

Majority (51%) of the respondents indicated that the revenue collection system was poor and 36% indicated that they were very poor. Only 8% indicated that they were satisfactory while 5% indicated they were good.

The respondents indicated this situation was due mainly to lack of clear guidelines on the revenues collection at the corporation. They also indicated that the top management used to interfere with the system. They indicated that cash would even take two weeks before anything was banked. There were also no proper follow up mechanisms on the agents thus they would also dodge their commitments. Services provided to other arms of government were rarely paid for due to complexities and bureaucracy. The respondents also indicated that the disbursement by the government would sometimes be redirected to personal accounts of the employees involved.

The respondents indicated that the changes have seen improvements in cash collections in various ways. First recording of cash transactions has been enhanced with it being a requirement that every cash transaction be recorded. Receipts and cash books have also been
computerized making it easy to enter, track and verify the entries. This area has also benefitted from training of employees as well as hiring of qualified employees.

Regarding Cheque payments and banking the changes have seen the introduction of clear guidelines on authorization. There are the authorized persons who handle cheques and cash them on behalf of the corporation.

Regarding credit sales the corporation’s change management process has introduced clear guidelines and policy. There is a scrutiny to ensure creditworthiness of customers and proper documentation and follow up mechanisms.

Change management has seen fundamental shifts with regard to management of the government disbursements to the corporation. The corporation must design and present a justifiable budget to the treasury for funding in time. The budgets must have clear targets and objectives. There is also a monitoring and evaluation system which has resulted from the changes which tracks the disbursements and how they have been utilized.

4.4.1 Effect of Change Management on Revenue Budgeting

The study sought to know how the budgeting for revenues has been affected by change management practices. This is shown in figure 4.4.

![Figure 4.4: Effect of Change Management Practices on Revenue Budgeting](image-url)
The results show that majority (89%) of the respondents indicated that the revenue budgeting procedure have had a positive impact on it brought about by adoption of change management practices.

Explanation into this revealed that before the change management the budget were fixed arbitrary with little planning and involvement across the departments at the PCK. The budgets were mainly to get as much funding from the treasury with no or little justification. However with the adoptions of changes the budgetary process is now a serious issue which requires input and planning of the departments at the corporation. The change management has seen strengthening of the accounts and finance departments as well as other departments by hiring qualified staff who have been instrumental in streamlining budget process. In the course of change management the Treasury also decreeing that the parastatals be revenue centres and not cost centres for the government.

The respondents were also asked on the direction and extent to which they thought change management had impacted on revenue collection systems at PCK. Tale 4.5 shows the results.

**Table 4.4: Extent of the impact of change management on Revenue Collection**

<table>
<thead>
<tr>
<th></th>
<th>Very Little Extent</th>
<th>Little Extent</th>
<th>Moderate Extent</th>
<th>High Extent</th>
<th>Very High Extent</th>
<th>Mean Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positively</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>4.43</td>
</tr>
<tr>
<td>Negatively</td>
<td>52</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1.35</td>
</tr>
</tbody>
</table>

Source: Researcher

The analyses of mean scores show that change management has impacted on revenue collection to a great extent positively with very little negative impact. This is consistent with the findings discussed above.

**4.5 Impact of Change Management on Cost Management**

This section the findings on the impact of change management on the cost/expenditures management are presented.
The study sought to get an insight into the features of the expenditures management at the corporation. The respondents indicated that the cost management system includes payment in cash and cheques. There are various documents which are used in the processes such as ledgers and invoices. Completeness of the records is a procedure that is emphasized. This allows for follow up, tracking and audits.

Figure 4.4 shows the respondents views with regard to the status of the cost management system at PCK before change management was introduced.

![Cost Management before CM](image)

**Figure 4.5: Status of Cost Management Practices before Change Management**

Majority (57%) of the respondents indicated that the cost management system was poor and 35% indicated that it was very poor. Only 5% indicated that they were satisfactory while 3% indicated they were good.

This situation was to be because of several issues which existed before the change management practices were adopted. The respondents indicated that dubious payments were processed faster than legitimate ones costing the corporation lots of funds. The respondents also indicated that the expenditures were usually inflated and did not reflect the cost of the services or goods acquired by the corporation.
The study also sought to find out whether the change management practices have had an effect on the budgeting for expenditures.

**Figure 4.6: Effect of Change Management Practices on Costs Budgeting**

The results show that majority (84%) of the respondents indicated that the cost budgeting procedure have had a positive impact brought about on it by adoption of change management practices.

According to the respondents little regard was paid to the proper cost budgeting process at the corporation. The respondents indicated that the budgets prepared were aimed at “ensuring the available funds were used up”. Little regard was paid to viable investments in technology and employees. The major expenditures were payments to contractors and suppliers who had “the right connections” with the government without paying attention to whether they had delivered the specified goods and services to the corporation.

The respondents were in agreement that the change management has resulted in cost reductions. The cost reductions were said to have been witnessed in several fronts. There had been witnessed cutting of wastages in paying for contractors and suppliers who have not provided the specified goods and services to the corporation. With the adoption of technology, additional vehicles and equipments, cost reductions have been witnessed as they improve efficiency.
The respondents indicated that the approach adopted in the change management process meant that a wide number of people are trained in defining their priorities and costing their activities and this has improved the quality of budget estimates and ability of staff from all departments. It also had a positive effect on developing greater understanding and commitment to the agreed estimates and thus true ownership of the budgeting process. The respondents also indicated that by introducing activity based budgeting, any reductions in the overall allocation is reflected against actual activities being dropped, rather than reduced funding of all activities and thus non-achievement of any specific outputs/ objectives is clearly spelt out.

The respondents were also asked on the direction and extent to which they thought change management had impacted on revenue collection systems at PCK. Table 4.5 shows the results.

Table 4.5: Extent of the Impact

<table>
<thead>
<tr>
<th></th>
<th>Very Little Extent</th>
<th>Little Extent</th>
<th>Moderate Extent</th>
<th>High Extent</th>
<th>Very High Extent</th>
<th>Mean Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positively</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>11</td>
<td>49</td>
<td>4.70</td>
</tr>
<tr>
<td>Negatively</td>
<td>52</td>
<td>7</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1.11</td>
</tr>
</tbody>
</table>

Source: Researcher

The analyses of mean scores show that change management has impacted on cost management to a great extent positively with very little negative impact. This is consistent with the findings discussed above.

4.6 Impact of Change Management on Profitability

This section sought to find out the effect of change management practices on profitability. The results are presented in following subsections.

Figure 4.7 shows the state of profitability before change management practices were embedded in the corporation.
Forty seven percent of the respondents indicated that the profitability at the PCK was very poor and 44% indicated that they were poor. Only 5% indicated they were good while 3% indicated that they were satisfactory.

The study also sought to get an insight on the respondents take on profitability after change management.
The results show that 60% of the respondents indicated that the profitability at the PCK after change management has been good and 17% indicated that it has been satisfactory. Nine percent of the respondents indicated that profitability has been very good while 6% indicated that it has been poor with the rest 1% indicating that profitability for the corporation after change management has been poor.

The study sought to get an insight into how change management has affected profitability. The respondents indicated that the change management practices adopted have made the corporation competitive in providing excellent customer service experience to all customers and developing products and services that are responsive to customer needs and ensuring that PCK maintains its market niche, through industry and market research. This has enabled fostering a culture of appreciation and understanding to the public and encouraging maximum utilization of PCK’s network towards social and economic growth of the country. The respondents indicated that the changes have seen development and implementation of a customer relationship management system in 2006. The corporation has also been engaging in community projects annually as part of Corporate Social Responsibility. All these have contributed positively to the profitability of the firm.

The respondents were then asked on the direction and extent to which they thought change management had impacted on profitability at PCK. Table 4.6 shows the results.

**Table 4.6 Extent of the Impact of CM on Profitability**

<table>
<thead>
<tr>
<th></th>
<th>Very Little Extent</th>
<th>Little Extent</th>
<th>Moderate Extent</th>
<th>High Extent</th>
<th>Very High Extent</th>
<th>Mean Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positively</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>4.28</td>
</tr>
<tr>
<td>Negatively</td>
<td>37</td>
<td>19</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>1.57</td>
</tr>
</tbody>
</table>

Source: Researcher
The analyses of mean scores show that change management has impacted on profitability to a great extent positively with very little negative impact. This is consistent with the findings discussed above.

The respondents were also asked on the direction and extent to which they thought change management had impacted on overall financial performance at PCK. Table 4.5 shows the results.

**Table 4.7: Extent of the Impact of CM on Overall Financial Performance**

<table>
<thead>
<tr>
<th></th>
<th>Very Little Extent</th>
<th>Little Extent</th>
<th>Moderate Extent</th>
<th>High Extent</th>
<th>Very High Extent</th>
<th>Mean Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positively</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>1.71</td>
</tr>
<tr>
<td>Negatively</td>
<td>33</td>
<td>22</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>1.71</td>
</tr>
</tbody>
</table>

Source: Researcher

The analyses of mean scores show that change management has impacted on overall financial performance to a great extent positively with very little negative impact. This is consistent with the findings discussed in this chapter.

4.7 Regression Analysis

**Table 4.8 Regression Analysis- Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.998(a)</td>
<td>.995</td>
<td>.992</td>
<td>11.9062010.13242</td>
</tr>
</tbody>
</table>

Source: Researcher
Table 4.9 ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Square s</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>154230</td>
<td>4</td>
<td>38557650400</td>
<td>271.997</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>708788</td>
<td>5</td>
<td>14175762256</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>154939</td>
<td>9</td>
<td>154939</td>
<td>.000</td>
</tr>
</tbody>
</table>

b Dependent Variable: INCOME
Source: Researcher

Table 4.10 Regression Analysis- Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
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<td>1</td>
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<td>-</td>
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<td></td>
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<td>1.195</td>
<td>.196</td>
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<td></td>
<td>COSTS 05</td>
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<td>.953</td>
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<td></td>
<td>COSTS 06</td>
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<td>.233</td>
<td>.083</td>
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<td>COSTS 08</td>
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<td>.671</td>
<td>.434</td>
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<td></td>
<td>COSTS</td>
<td>1.842</td>
<td>.979</td>
<td>.414</td>
</tr>
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</table>

a Dependent Variable: INCOME
Source: Researcher

Regression analysis was carried out to find out the degree of relationship between the variables. Costs and revenues were regressed. Income was the dependent variable while cost was used as the independent variable. The findings are explained here below.

4.6.1 Regression statistics Table 4.1.5
The coefficient of determination $R = 99.8\%$ points to the strong relationship existing between cost and Revenue. $R^2 = 99.5\%$ indicates that 99.5\% of the variations in revenues can be explained by the variations in costs. Only 5\% can be explained by other factors. The standard error of estimate $se = 032,010.13242$. This is a measure of the magnitude of error of prediction. This is the variation around the line of best fit.

4.6.2 ANOVA (Analysis of Variances) Table 4.1.6

Ho: There is no linear relationship (the model is not useful)
Ha: There is some relationship (the model is useful overall)

$F = 271.997$

The $p$-value ($F$ significance) = 0.0000 which is $< 0.05$. Therefore reject Ho. There is sufficient to show that the model is useful overall.

4.6.3 Interpretation of the Coefficients

The Y (Revenue) intercept $= Kshs\ 156,397,056.306$.

Regression Equation:

$Y = 156,397,056.306 + 2.274X_1 + 1.804X_2 + 0.415X_3 + 1.842X_4$.

Regression results show that change management can be said to have had any effect on the PCK's costs and revenues. The beta coefficients of the firms cost and revenues in Year 2008 and 2009 are statistically significant hence there was effect on those costs and revenues. Overall, change management can be said to have an overall effect on income and costs of PCK ($t = 0.414$)
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter presents the summary, conclusions and recommendations of the findings of this study. This chapter is organized as follows. First, a summary of the key findings in chapter four is provided. Then the conclusions of the study based on the objectives of the study follow. The study then makes several recommendations to the stakeholders regarding the findings. Areas for further research are then proposed for scholars wishing to do research on public institutions on the subject of change management and its effect on performance.

5.2 Summary of Key Findings

5.2.1 Effect of Change Management on Revenue Collection Mechanisms
Regarding the nature of revenue collection system at the PCK the study found that the revenue collection mechanisms at the PCK are simple in nature. In most cases products and services are offered with payments being in cash, cheques or on credit. The corporation also receives funding from the central government to supplement its revenues and support its operations.

The study revealed that prior to change management there was an ineffective revenue collection this situation was due mainly to lack of clear guidelines on the revenues collection at the corporation, interferences and corruption. The respondents indicated that the changes have seen improvements in cash collections in various ways. First recording of cash transactions has been enhanced with it being a requirement that every cash transaction be recorded. Receipts and cash books have also been computerized making it easy to enter, track and verify the entries. This area has also benefited from training of employees as well as hiring of qualified employees. The study found out that the revenue budgeting procedures have had a positive impact on it brought about by adoption of change management practices.
5.2.2 Impact of Change Management on Cost Management

The study sought found that the cost management system includes payment in cash and cheques, various documents which are used in the processes such as ledgers and invoices. Completeness of the records is a procedure that is emphasized. This allows for follow up, tracking and audits. The study findings revealed that the cost management system prior to change management was poor and ineffective especially due to corruption. The study found that the change management has resulted in cost reductions. The cost reductions were evident in cutting of wastages in paying for contractors and suppliers who have not provided the specified goods and services to the corporation and through the adoption of technology, additional vehicles and equipments, cost reductions have been witnessed as they improve efficiency. The study found that the approach adopted meant that a wide number of people are trained in defining their priorities and costing their activities and this has improved the quality of budget estimates and ability of staff from all departments.

5.2.3 Impact of Change Management on Profitability

The study found that profitability at the PCK prior to change management was very poor but has significantly improved since the practices were entrenched in the corporation. The study revealed that the change management practices adopted have made the corporation competitive in providing excellent customer service experience to all customers and developing products and services that are responsive to customer needs and ensuring that PCK maintains its market niche, through industry and market research. This has enabled fostering a culture of appreciation and understanding to the public and encouraging maximum utilization of PCK’s network towards social and economic growth of the country. The respondents indicated that the changes have seen development and implementation of a customer relationship management system in 2006. The corporation has also been engaging in community projects annually as part of Corporate Social Responsibility. All these have contributed positively to the profitability of the firm.
5.3 Conclusion

The study concludes that change management practices are having desired effects on the financial performance aspects which were investigated in the study. Change management is an effective management tool which can be effectively utilised by firms both in the private and public sector. The case of PCK has actively demonstrated that even the public sector firms can adopt the practices which were thought to be a preserve of the private sector firms.

5.4 Recommendations

From the study findings and the conclusion the study recommends that as PCK management should put in place measurement apparatus to ascertain the effects of change management on the various aspects of the corporation. The tools used in this study were for academic purposes and could be refined in line with the goals and objectives of the corporation.

The study recommends that the management of PCK continuously seek better ways of doing business because despite the positive results obtained in the study showing that change management has impacted positively on the financial performance of the corporation there is still so much potential which the corporation can utilize and become a force to reckon with in the telecommunication industry.

5.5 Suggestion for Further Research

Further research should be conducted to investigate the effect of change management practices in other parastatals. This would go a long way in finding out whether the findings of this study can be generalized to all parastatals or there are deviations.

Future research can also be undertaken to investigate the effects of change management practices on other aspects of performance in the parastatals such as employee productivity. Such findings would allow for comparisons to be made on the implementation and successes of change management in the public sector.
REFERENCES


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APPENDICES

Appendix I: Research Questionnaire

Please answer the following questions giving the necessary details and ticking appropriate answers in spaces provided.

Section A: General Information

1. State your gender: Female [ ] Male [ ]
2. State your age (Tick as applicable)
   - Below 25 years [ ] 26-35 years [ ]
   - 36-45 years [ ] 36-45 years [ ]
   - 46-55 years [ ] Above 55 years [ ]
3. What is your education level? (Tick as applicable)
   - O Level [ ] Diploma [ ]
   - Undergraduate [ ] Masters and above [ ]
4. Years of service/working period (Tick as applicable)
   - Less than 1 year [ ] 1-5 yrs [ ]
   - Over 6 years [ ]
5. Please indicate the department where you work:
   - Administration [ ] Finance / Accounts [ ]
   - Human Resource [ ] IT [ ]
   - Operations [ ] Marketing [ ]
   - Other (specify) ..............................................................

Section B: Impact of Change Management on Revenue and Cost Management

6. Describe briefly the revenue collection system in place at the corporation? ____________________________
7. How were the revenue collection mechanisms before the adoption of change management at the PCK? Very Good [ ] Good [ ] Satisfactory [ ] Poor [ ] Very Poor [ ]

Describe briefly

8. How have revenues budgets been affected by the change management practices adopted?

   Positively [ ]
   Negatively [ ]
   No effect [ ]

Describe briefly

9. How did change management affect the following features of the revenue collection system: a) Cash Payments ____________________________

   b) Cheque Payments ____________________________

   c) Credit Sales ____________________________

   c) Government Disbursements ____________________________

10. To what extent would you say your change management practices adopted affects revenues at the PCK?

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<tr>
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<td>Negatively</td>
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</table>
Section C: Impact of Change Management Practices on Cost Management

11. Describe briefly the cost management system in place at the corporation?

12. How were the cost management mechanisms before the adoption of change management at the PCK? Very Good [ ] Good [ ] Satisfactory [ ] Poor [ ] Very Poor [ ]

Describe briefly

13. How have expenditures budgets been affected from the change management started?
   Positively [ ]
   Negatively [ ]
   No effect [ ]

Describe briefly

14. Focusing on the change management at the PCK, have it resulted in cost reduction?
   Yes [ ]
   No [ ]

If Yes, in which way?

15. To what extent would you say your change management affects expenditures at the PCK?

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</table>
Section D: Effect of Change Management on Profitability

16. How was the profitability of PCK in the 5 year before change management?
   - Very Good [ ]
   - Good [ ]
   - Satisfactory [ ]
   - Poor [ ]
   - Very Poor [ ]
   Describe briefly ____________________________________________________________

17. Describe the profitability of PCK in the 5 year before change management?
   - Very Good [ ]
   - Good [ ]
   - Satisfactory [ ]
   - Poor [ ]
   - Very Poor [ ]
   Describe briefly ____________________________________________________________

18. How has change management affected various aspects of profitability?

19. To what extent would you say your change management affects profitability at the PCK?

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20. To what extent would you say your change management affects overall financial performance at the PCK?

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Thank you for the Time and Cooperation