Change Management and Performance of Kenya Ferry Services in Mombasa County, Kenya

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Abstract: *Change management is a style of management that aims at encouraging organizations and individuals to deal effectively with the changes taking place in their work. For change management to be successful and its effect positive, managers or supervisors in the organizations need to understand what motivates their team and enrol employee participation. Organizations undergoing transformations must have teams that champion the change process. This demands that all employees within the institutions desiring change especially the top management must commit to the change process. The study aimed to determine the effect of change management and the performance of Kenya ferry services. The specific objectives of this study were: to determine the effect of information technology on the performance of Kenya ferry services; to analyze the effect of organizational culture on the performance of Kenya ferry services; to examine the effect of organization structure on the performance of Kenya ferry services and finally to investigate the effect of communication on the performance of Kenya ferry services. The study used Stake holders' theory, Lewins three step change theory and Kotters 8- step change management theory. The study used cross sectional survey research design, primary data was collected by administering questionnaires. The target population was made up of 62 members of staff drawn from four departments. Census was used for the purpose of this study where all the members in the population were. Data was collected by the use of open ended questionnaires. Reliability was ensured through a pilot test carried on 6 respondents from Kenya Ports Authority who were not included in the study. Once the questionnaires were collected, they were edited to detect errors and omissions for consistency and completeness. The data was analyzed by the use of Statistical Package for Social Science version 24, T-test was used to test the relationships between variables. The study found out that information technology awareness, organizational culture and communication strongly affect change management; organizational structure has a weak effect on change management. The study concluded that Change in organization structure should be flexible enough to respond quickly to changes, challenges and uncertainty. A Well-functioning organizational structure is important for an organization going through change, because if there are flaws in the structure it will affect communication flow. The study also concluded that when there is a good communication between the employees and employers, and the proper information of strategic relevance of imposed organizational change being told, this can help the employee to accept the change. Better acceptance of the change will lead employees to have better performance. The study recommends that for successful change implementation, workers should be properly trained on change programmes and should be educated on the reasons for change. To avoid resistance to change, appropriate change strategies should be put in place by change managers the participative strategy is recommended for change managers.*

Keywords: Change Management, Performance of Kenya Ferry Services, Mombasa County, Kenya

1. Background of the Study

Change management is a style of management that aims at encouraging organizations and individuals to deal effectively with the changes taking place in their work (Green, 2010). Conner (2010) also defined change management as a set of principles, techniques and prescriptions applied to the human aspects of executing major change initiatives in organizational settings. While Moran and Brighton (2011) defined change management as the process of continually renewing an organization direction, structure and capabilities to serve the ever-changing needs of external and internal customers.

1.1 Change Management

Change management is a set of processes employed to ensure that significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change. Organization performance is based upon the idea that an organization is the voluntary association of productive assets including human, physical and capital resources for the purpose of achieving a share purpose (Adams, Bessant, & Phelp, 2006). Machuki & Aosa (2011) observed that, Performance gives indication of the effectiveness of an organization. Organization performance can be measured using financial measures such as return on assets, return on equity among others. In addition, performance can be measured by qualitative measures such as research and knowledge creation, resources generation, teaching and learning as well as competitiveness.

1.2 Information Technology

Organizations have undergone a revolution in the adoption and application of complex information technology. In the hope of extracting the greatest value from innovations, organizations have adjusted their management structures, work processes and culture (Orlikowski 2012). Yet, swift technology enhancement unintentionally reduces the presumed lifespan of many Information Technology (IT) systems. Organizations build and rebuild their existing IT systems in response market changes. The results of these initiatives are often rather disappointing. The world has more technology than ever before with technological changes increasing at an accelerating pace.

1.3 Organization Structure

According to McLagan (2012), there are three types of changes in the organization structure. They are transactional, transitional and transformational. Transactional changes only need minor interventions, for example, training or changing the incentive system, switching software. Transitional change is more complex and require change in

roles/responsibilities, power bases and systems. Transformational change requires redesigning the entire organization, especially the fundamental beliefs and norms, in order to adapt to global business demand. Capon (2009) said organizations are sometimes made up of several or many individuals who may have different views in regard to a particular issue.

1.4 Organisation Culture

Culture is defined as a mixture of values, sets, beliefs, communications and explanation of behaviour that provides guidance to people (Awadh & Saad, 2013). Organizational culture comprises the unwritten customs, behaviors and beliefs that determine the rules of the game for decision-making, structure and power (Wambugu, 2014). She is of the view that culture is based on shared history and traditions of the organization combined with current leadership values. Organizational culture has certain factors that improve sustainability on basis of effectiveness. The improvement in productivity leads to employee commitment as norms, values and objectives help in improving culture of an organization. The system of organization is based upon effective establishment of culture that keep learning/work environment strong.

1.5 Communication

When implementing an organizational change, it is important that there is a communication strategy in place as uncertainty can be more stressful than the practical aspects of the organizational change. Feeling uncertain about an impending change and what position it may leave employees in is characteristic of those going through change (Schweiger and Walsh, 2012). As such, providing employees with information about a change can help to reduce anxiety and uncertainty about expected outcomes. Miller, D & Friesen, PH. (2004) found that when change announcements were communicated, those communications that were timely, useful, and addressed employees" concerns were more likely to help employees feel ready for change. Good communication allay employees" fears, transmit a message that fosters employee self-efficacy for being able to perform after the change is implemented, and educate employees about the change.

1.6 Firms Performance

According to Richard et al. (2009) performance encompasses three specific areas of firm outcomes: financial performance (profits, return on assets, return on investment, etc.); product market performance (sales, market share, etc.); and shareholder return (total shareholder return, economic value added, etc.) Performance is the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost and speed (Brumbach, 2010). Assessment of a company's performance should take into account many different measures as there are several factors that determine the performance of economic organization including asset base, leverage, performance of the loan book, corporate governance and the quality of staff and regulations in the industry. The essence of financial performance measurement is to provide the organization

with the maximum return on the capital employed in the business (Ongwae Nyakondo Eric, 2018).

1.7 Kenya Ferry Services

Kenya ferry services (KFS) provide transport via ferry in Kenya link to both pedestrian and vehicle traffic. They are used both in Mombasa and Lake Victoria in KISUMU since 1900's where in Kisumu they have been used in Lake Victoria to transport freight and passengers between Kenya Uganda and Tanzania at Kisumu, Mwanza, Bukoba, Entebbe, port bell and Jinja while in Mombasa the ferry is used between Mvita and Likoni.KFS in Mombasa started in 1937 where the vessel used were pontoons driven motor boats. Modern vessels were introduced in 1957.Currently, the ferry is the only link to the south coast and are operated by KFS which is a state corporation operating under the ministry of transport and infrastructure.

2. Statement of the Problem

Kenya has a significant demand for infrastructure and there are many issues to be addressed through the provision of modern infrastructure if the country is to meet its goals under the Vision 2030 plan. KFS has made some great advances over the last five years, with the addition of more ferries. However, despite these successes it also faces a number of challenges such as sourcing sufficient funds, appropriate approach to deal with ferry maintenance and its assets in a more strategic manner, with good data informing these strategies. (Barua, Konana, Whinston & Yin, 2011). Several studies have been done in Kenya regarding to Strategic Change Management, for instance, Gichohi (2011) undertook a study on Strategic Change Management at the NIC Bank of Kenya, Mbuva (2009) researched on factors influencing change management practices at CFC Stanbic bank, while Nyagari (2009) focused on the effectiveness of change management practices at the Kenya Commercial Bank (KCB) Ltd. A knowledge gap therefore exists and hence this study seeks to address this gap by assessing the effect of change management strategies on performance of Kenya ferry services.

2.1 General Objective

The general objective of the study was to assess the effect of change management on the performance of Kenya ferry services.

3. Literature Review

The following theories were reviewed:

3.1 Stakeholder Theory

Freeman (2004) defines stakeholders as "those groups who are vital to the survival and success of the corporation" Stakeholder theory is an instrument to identify critical stakeholders in the environment of the change management practices in order to define developments for strategy. Moreover, in the contexts of business ethic and corporate social responsibility, stakeholder analysis has been used to

identify important areas of concern. Using a range of influencing mechanisms, organizations in public sector may be able to take advantage of their position as high-saliency stakeholders to influence corporate managers and investment funds. They can develop power, urgency, and legitimacy. Williamson (1993), the father of transaction cost economics, has argued that the direct principal-agent relationship between owners and managers is distorted with the addition of other stakeholders to the equation.

3.2 Lewin's Three-Step Change Theory

Kurt Lewin (2011) introduced the three-step change model. This social scientist views behavior as a dynamic balance of forces working in opposing directions. Driving forces facilitate change because they push employees in the desired direction. Restraining forces hinder change because they push employees in the opposite direction. Therefore, these forces must be analyzed and Lewin's three-step model can help shift the balance in the direction of the planned change. According to Lewin, the first step in the process of changing behavior is to unfreeze the existing situation or status quo. The status quo is considered the equilibrium state. Unfreezing is necessary to overcome the strains of individual resistance and group conformity.

3.3 Kotter's 8-Step Change Theory

Kotter (2011) developed a model which should be used at the strategic level of an organization to change its vision and subsequently transform the organization. Each phase lasts a certain amount of time and mistakes at any phase can affect the success of the change. Its approach to change management is as follows: The first step is establishing a sense of urgency. It is imperative for the management to convince the employees and staff of the urgency of taking new direction in the organization. The second step is the creation of a guiding coalition. A coalition of people to lead the change effort should be formed. The team should have enough power, credibility, expertise, excellent leadership skills and a shared objective to foresee the success of the change.

4. Empirical Literature Review

4.1 Information Technology Awareness and Performance

Organizations have undergone a revolution in the adoption and application of complex information technology. In the hope of extracting the greatest value from innovations, organizations have adjusted their management structures, work processes and culture (Orlikowski 2012). Yet, swift technology enhancement unintentionally reduces the presumed lifespan of many Information Technology (IT) systems. Organizations build and rebuild their existing IT systems in response market changes. The results of these initiatives are often rather disappointing. The world has more technology than ever before with technological changes increasing at an accelerating pace.

4.2 Organization Structure and Perfomance

According to Duggan (2015) organizational structure can inhibit or promote performance, and this may depend on how effectively the supervisory relationships and workflow influence productivity. He further elaborates that organizational structure affects how performance is measured and managed in an organization. A study by Csaszar (2008) developed and tested a model of how organizational structure influence organizational performance. Organizational structure was conceptualized as the decision-making structure among a group of individuals. The empirical setting was over 150,000 stock-picking decisions made by 609 mutual funds. The findings suggested that organizational structure has relevant and predictable effects on a wide range of organization performance.

4.3 Organisation Culture and Performance

Awadh & Saad (2013) investigated the relationship between organizational culture and performance. The study recommended that strong organizational culture can be a basis upon which managers and leaders improve their level of performance. Managers need to relate organizational performance and culture to each other as they help in providing competitive advantage. A study by Wambugu (2014) analyzed the influence of organization culture on employee's performance with a focus on Wartsila Limited, a private organization in Kenya. The study revealed that organizational values had a more significant effect to employee's job performance at Wartsila, than the organization climate as is mostly assumed as a vice versa relationship. Overly a positive relationship between organization culture and employee performance was established, however the effect diversely varied amongst the variables with work processes and systems in Wartsila having more effect to employees' performance.

4.4 Communication and Perfomance

Miller et al., (2004) in their study on organizational performance, found that when change announcements were communicated, those communications that were timely, useful, and addressed employees" concerns were more likely to help employees feel ready for change. Good communication allay employees" fears, transmit a message that fosters employee self-efficacy for being able to perform after the change is implemented, and educate employees about the change. Furthermore, communication not only facilitates understanding but also enhances the buy in of employees to the strategic need for change (Van Dam et al., 2008). Communicating with individuals about their appraisal of the change and helping them find a point of personal power within the change movement fosters this confidence in the change (Burnes, 2004).

4.5 Summary of literature and Research Gaps

Organizations have undergone a revolution in the adoption and application of complex information technology. In the hope of extracting the greatest value from innovations, organizations have adjusted their management structures, work processes and culture. Organizational structure had

more effects on organizational learning than on innovation, organizational learning has an indirect effect on performance through innovation, except the direct effect of structure on performance No matter how big or small change is in organization it affects workers either positively or negatively. Nevertheless, organizational culture has certain factors that improve sustainability on basis of effectiveness. The improvement in productivity leads to employee commitment as norms, values and objectives helps in improving culture of an organization.

5. Methodology

During the study, the researcher adopted a descriptive research design; questionnaires, unstructured interviews, were used to collect data from 62 respondents who were selected to participate in the study. The collected data was analyzed using qualitative and quantitative data analysis to summarize the data in order to draw valid conclusion in relation to the objectives of the study.

6. Summary, Conclusion and Recommendations

First to determine the effect of information technology awareness on the performance of Kenya ferry services. The findings indicated that the effect of information technology and organizational culture on the performance of Kenya ferry services was a very clear indication that organization culture and communication strongly affects change management in Kenya Ferry services.

Third, to examine the effect of organization structure on the performance of Kenya ferry services. The findings also indicated that organization structure showed a weak relationship between organization structure as a factor affecting change management in Kenya Ferry services.

Finally, to investigate the effect of communication on the performance of Kenya ferry services. Communication as a factor affecting financial performance of Kenya Ferry services, the findings clearly indicated that organization culture and communication strongly affects change management in Kenya Ferry services.

6.1 Conclusion

The study concluded that adoption of information technology improves organizations operations by offering a technology platform, which lead to increased productivity or improve performance when combined with other resources effectively by human resources. However, there are technological challenges that relate to electricity disruptions, systems failure such as software or hardware malfunctioning which can cause interruption of services delivery or information loss and also lack of understanding on how to operate the technology by employees.

Organizational culture improves performance of the employees which leads to an improvement on organization performance. A strong organization will focus on the environment it creates for its workers. Focusing on building and sustaining organizational culture shows employees that they are considered as an important part of the company.

Organizational structure can inhibit or promote performance, and this may depend on how effectively the supervisory relationships and workflow influence productivity. Organizational structure enables an organization to have common views and missions as they emanate from a single point ensuring there are no conflicts of commands and smooth information flow. Change in organization structure should be flexible enough to respond quickly to changes, challenges and uncertainty.

Communication as one of the important elements for the organizational change can affect the employees' and organization performance as well. A communication network will become critical when the environment is significantly changed. When there is ineffective communication and relationship among employees and supervisors, it will generate a climate that reduces personal commitment impeding organizational change and growth.

6.2 Recommendations for Policy and Practice

Strategic change is a top down leadership exercise. Change starts with the leadership. The leadership should and must establish vision for the organization and coordination of change leaving implementation to others. KFS should adopt a change process. Strategic change should not be an experiment rather it should have a vision, strategy and an implementation plan to ease the uncertainties of change. The reward system should be geared to providing the employees with an incentive for the embracing for the strategic change. For successful change implementation, workers should be properly trained on change programs and should be educated on the reasons for change. To avoid resistance to change, appropriate change strategies should be put in place by change managers the participative strategy is recommended for change managers. KFS should employ the service of internal change managers to work hand-in-hand with such expert employed externally so as to facilitate growth in performance and smooth change implementation. Communication needs to be well managed so that at any time during the change process confusion is avoided through clear, accurate and honest messages, by using a variety of media with high coverage and effect. Managers need to anticipate for change especially in the public service where changes occur every second. Thus, proactive measures in approach should be encouraged in managing change. This will reduce the negative effect on organizational performance.

6.3 Recommendations for Further Studies

The researcher suggests that a similar study be carried out in other public corporations in the country to see if the same results will be achieved. Also, a study can be done to determine the effect of resistance to change management on the dwindling performance of parastatals in Kenya.

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