

**EFFECT OF CHANGE MANAGEMENT ON FINANCIAL PERFORMANCE OF
SOUTH NYANZA SUGAR COMPANY LIMITED, KENYA**

BY

NYABALA KENNEDY OKOTH

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DECLARATION

I declare that this research project is my original work and has never been submitted for the award of a degree in any other university.

NYABALA KENNEDY OKOTH Signature Date

MBA/BE/00025/2016

This project has been submitted with my authority as the university supervisor.

DR. NTONGAI SAMSON (Ph.D.) Signature Date

Department of Business Administration

School of Business and Economics

Maseno University

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DEDICATION

This research project is dedicated to my mom for cultivating in me the seed of hard work and giving me the critical foundation in education, my dear wife, son and my boss for their love, understanding and support during the many long hours when I had to juggle between work, family and studies.

ABSTRACT

According to Auditor General's report of 2017, Sony Sugar company has continued to register dismal financial performance in the recent years with company audited books revealing a loss of ksh.1.02 billions and outstanding Value added Tax of Ksh. 657 millions as at June 2016 up from Ksh. 337million in the previous year. Stakeholders attribute that financial distress of the company could be due to the numerous changes in sugar sector including negative impacts of cheap imported sugar in the local market, lack of clear policies to implement successful sugar import checking frameworks, and negative impacts of local exchanging frameworks. Effective Change management practices may be used to address the some of the above challenges yet no evidence exist with regards to the particularly change management approaches practiced at Sony Sugar Company. Past studies on the effect of Change management on organizational Performance exist but dwelt their analysis largely on non-financial performance measures such as competitive advantage, employee satisfaction, service delivery, efficiency and effectiveness, customer satisfaction, productivity and product quality instead of financial performance measures such as profit and Return on investment among others. Consequently, the extent and the influence that change management practices such as Business Process Re-engineering (BPR), Technology adoption and Organizational culture on organization performance is not known. Therefore, the purpose of this study was to examine the effect of Change management practices on financial performance of Sony Sugar Company. Specifically, the study objectives sought to establish the effect of Business Process Reengineering (BPR), Technology adoption and Organization culture on financial performance. Stakeholder theory and dynamic capability theory guided the study in a correlation design. Out of 315 employees of Sony Sugar company, a sample of 124 respondents was selected using stratified sampling technique. Pilot results showed reliability test of a Cronbach's Alpha coefficient between 0.771 and 0.863. Validity was established through expert review. The findings revealed that change management practices such as BPR, organization culture and technology adoption collectively accounted for 54.2% ($R^2 = 0.542$, $p=0.000$) variation in financial performance at Sony Sugar Company. It was further revealed that dimensions of Business Process Reengineering ($B = 0.320$, $p= 0.000$), Organization culture ($B = 0.263$, $p = 0.000$) and Technology adoption ($B = 0.244$, $p= 0.000$) all had significant positive influence on financial performance at Sony Sugar Company. The study concludes that BPR, organization culture and technology adoption are all critical antecedents of financial performance of the organization. Therefore, the study recommends to the management of Sony Sugar Company to intensify the implementation of practices such as: BPR, organization culture and technology adoption as they are positively associated with financial performance. The results of the study may be useful for Company policy makers on making effective change management policies that can spur better business performance in the ever changing environment. To the Academia, the study has added new knowledge on change management literature.

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ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variance
FAO	Food Agricultural Organization
BPR	Business Process Reengineering
KSB	Kenya Sugar Board
KRA	Kenya Revenue Authority
ROCE	Return on Capital Employed
ROI	Return on Investment
ICT	Information Communication Technology
FMS	Financial Management System
GoK	Government of Kenya
MT	Metric Ton

OPERATIONAL DEFINITIONS OF TERMS

Change management- the process of continually renewing an organization direction, structure and capabilities to serve the ever-changing needs of external and internal customers.

Business Process Reengineering - is defined as an effort of fundamental improvement and radical redesign of business processes to achieve the increase in efficiency of critical measures such as cost, quality, service and speed.

Financial Performance: The level of performance of a business over a specified period of time, expressed in terms of overall profits and losses during that time.

Technological Adoption – is a sociological model that describes the adoption or acceptance of a new product or innovation, according to the demographic and psychological characteristics of defined adopter groups.

Organization Culture- is defined as a mixture of values, sets, beliefs, communications and explanation of behaviour that provides guidance to people.

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CHAPTER ONE

INTRODUCTION

This chapter presents information on the background of the study, statement of the problem, and objectives of the study. It also looks at research hypothesis, scope of the study, justification of the study, as well as conceptual framework underpinning the study.

1.1 Background of the Study

Firm performance is positively impacted by the presence of change management practices which tend to create a significant contribution on organizational competencies, and this in turn becomes a great boost for further enhancing innovativeness. According to Horngren (2000) and Anantharaman (2003), organizations link the maximization of performance with change management practices. As a result of intensive competition, shorter product life cycles, volatile product and market environments, firms constantly search for newer sources of competitive advantage, one of the most important being change management practices, that has the potential to improve and determine an organization's fate (Kelliher & Perrett,2001).

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. Burnes (2004) like many others scholars asserted that change is a present feature of organizational life, both at the operational and strategic level. Due to its importance, change management is becoming imperative and needs appropriate managerial skills and strategy. Bernstein, (2009) argue that all organizations are currently undergoing some type of change. Many of these change programs arise from management such as culture change, business process engineering, empowerment, technological adoption and total quality. Eriksson and Sundgren (2005) introduce another angle on the issue of change management where they lay emphasis on organizational culture. Mostly, culture is ignored and assumed to have a life of its own. Behavior determines a large part of the expected outcome of change.

Business Process Reengineering (BPR) aims to achieve improvements in the contemporary measure of financial performance that is cost, quality, service and speed (Nangami, 2014). The aim of BPR is the redesigning of the work to better support organizational objectives while reducing on the cost implications (Kawa, 2013). In order to do this, BPR involves a complete

overhaul of the organizational structure, job characteristics, performance measures and the reward system. The success metrics of BPR in the context of the financial performance include improved cost reduction, technological improvement, competitiveness, revenue increase and improved customer service levels (Maina, 2014). Therefore, the overall aim of BPR is delivering more value to the customer through rethinking of existing processes, use technology to improve data dissemination and decision making, redesigning the functional organization into cross-functional teams (Kangogo, 2014). The areas of improvement that BPR helps achieve include improvement of the turnaround timeframe on service delivery, reducing defect rates, increasing accuracy of process instructions, eliminating repetitive tasks, speeding up product development and improving human resource practices (Namatsi, 2014).

Past Empirical evidences suggest that possible relationship between Business Process Reengineering and organization performance exist. For instance, Abubakar (2016) found positive relationship between BPR and organization performance in Tour and Travel business. Similarly, Nadeem and Ahmad (2016) have found that BPR can impact positively on the performance of Banks in Pakistan. Mohamed (2015) and Mungai (2015) studies both revealed that BPR is a critical antecedents of organization performance. However, Nadeem (2016) study focused on efficiency and effectiveness as dimensions of organization performance instead of financial measures of performance like Profit and Return on Investments (ROI). On the other hand, Mohamed (2015) focused on employee satisfaction and customer satisfaction as an aspect of organization performance. Moreover, (Abubakar, 2016; Nadeem and Ahmad, 2016; Mohamed, 2015; Mungai, 2015; Norah, 2014; Ringim et al., 2012; and Sarlak, 2012) have focused their analysis of BPR and organization performance in other sectors such as banking, hotel, tour and travel, insurance firms, water works, telecoms etc. None of these studies shed light on the effect of Business Process Reengineering and financial performance in the context of sugar sector. Furthermore, the above studies (Abubakar, 2016; Nadeem and Ahmad, 2016; Mohamed, 2015; Mungai, 2015; Norah, 2014; Ringim et al., 2012; and Sarlak, 2012) dwelt on organizational performance measures such as customer satisfaction, employee satisfaction, service delivery, efficiency and effectiveness, cost leadership, productivity and product quality instead of financial measures of organizational performance such as profit and Return on investment among others. Consequently, the effect of BPR on financial performance of

organizations especially with regards to firms operating in sugar industry is not known. Technology, the term technology has been defined in terms of information and hardware, activities and effect of knowledge and the variability of materials and the nature of search processes. According to Rousseau and Cooke (1984), technology involved knowledge and capabilities (such as those found in organizational members and machines), the techniques and procedures available for transforming inputs into outputs, and the processes or activities associated with the application of these technologies. Rono (2013) therefore argues that the Information Technology (IT) enhances service reliability, automation of business transactions, reduces transaction errors and lead time wastages, increases consistence in performance and customizes service. Robbins (1996) defined technology as how an organization transform its inputs (such as materials and information) into outputs (products and services) and is considered as one of the internal contingency variables that also influenced the structure of an organization. Firms are in competition to adopt new technologies. This has seen them invest heavily in Financial Management systems in the effort of integrating and coordinating their financial activities for efficiency and effectiveness. As a result, most western countries have implemented integrated information systems known as Financial Management Systems. The introduction of an FMS can be regarded as an organizational reform which deeply affects work processes and institutional arrangements governing the management of public finance (Hove & Wynne 2010). Technology is now deployed by countries to drive economic growth. Since the advent of ICT in the world, incredible advancement has been recorded and is still being recorded on a daily basis. We have digital technologies like fiber optic networks, instant messaging, cellular phones, new data networks, automated recording, 2G technology, 3G and 4G technology to mention a few (Kwong, 2004). The fact that technology can be used to champion local economic development, health, education, social justice, human development, and reduction of poverty is no longer in doubt.

Past empirical studies relating technological adoption to firm performance suggest that few but plausible relationship exist between two variables. For instance, Kariuki (2014) found positive relationship between IT use and firm performance in Population services Kenya. However, it worth noting that Kariuki, (2014) and Akbar and Abachian, (2013) both focused exclusively on non-financial measures of performance like productivity, efficiency and service delivery.

Similarly, Charles (2014) found a positive correlation of Technology and firm performance in his study of Nestle foods Nigeria Plc. However, Charles, (2014) focused on productivity and efficiency as dimensions of performance instead of financial measures of performance like Profitability and Return on Investment. Elsewhere, Jela (2013) found technology adoption positively influences performance of large manufacturing firms in Nairobi Kenya. The results of Sanda et al., (2013) concurs with the findings of Akbar and Abachian, (2013) whose studies both revealed that Technological adoption is a critical antecedents of organization performance. Contrary, Sanda et., al (2013) focused on financial measure of performance in on Return on Capital Employed and efficiency but did not looked at Profitability and Return on Investment as financial measures of performance. Moreover, the above reviewed studies (Charles, 2014; Kariuki, 2014; Jela, 2013; Sanda et al., 2013; Akbar and Abachian, 2013) have focused their analysis of Technological adoption and organization performance in other sectors such as Universities, consulting firms, food manufacturing industries, service sectors etc. none of them shed light on the effect of technological adoption and financial performance in the context of sugar sector. Furthermore, the above studies (Charles, 2014; Kariuki, 2014; Jela, 2013; Sanda et al., 2013; Akbar and Abachian, 2013) dwelt on organization performance measures such as service delivery, efficiency, cost leadership, productivity and customer satisfaction instead of financial measures of organization performance like Profitability and Return on Investment. Consequently, the effect of Technological adoption on financial performance of organizations especially firms operating in sugar sector is unknown.

Organization Culture is defined as a mixture of values, sets, beliefs, communications and explanation of behavior 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). Raduan (2008) observes that, a high degree of organizational performance is related to an organization, which has a strong culture with well-integrated and effective set of values, beliefs and behaviors. However, several researches concur that culture would remain linked with superior performance only if the culture is able to adapt to changes in environmental conditions (Stewart, 2010). In understanding organizational culture, it is very important to know all its elements. Authors are not unanimous about what are the elements of the organizational culture. According to Armstrong (2009) there are four important elements of organizational culture. These are;

organization value, organization climate, Leadership style, work processes and system. Organizational culture of modern companies should primarily cultivate values such as knowledge, hard work, willingness to take risks, courage and creativity, as well as values that support the achievement of organizational values such as stability, productivity, and innovation. Culture sets the boundaries by providing employees with a set of normative rules to regulate certain aspects of their behavior which gives rise to attitudes, motivations and a sense of shared identity that contributes to organizations' effectiveness (Rollison, 2005). No change will provide sustainable performance unless an organization's culture and employees are fully prepared. The culture of an organization refers to the behavior patterns and standards that bind it together Schein (2004).

Past empirical studies relating organization culture to firm performance suggest that few but plausible relationship exist between two variables. For instance, Oduol (2015) in her study found positive relationship between organizational culture and firm performance of subsidiaries of selected regional commercial banks in Kenya. Similarly, Mashal and Saima (2014) have reported that organizational culture positively impacts on performance of Pakistan franchises of Telecom companies. Mashal and Saima, (2014) focused on organization effectiveness as an aspect of organization performance instead of profitability and Return on Investment as dimension of financial performance. Elsewhere, Ehtesham et al (2012), and Wahjudi, et.al (2013) who also revealed that organizational culture is antecedent of performance. Wahjudi et.al (2013) focused exclusively on the functional effect of an individual, all were looking towards employee's satisfaction as a dimension of performance and not Profit and Return on Investment as an aspect of financial performance. Furthermore, the above studies (Oduol, 2015; Marshal and Saima, 2014; Awadh and Saad, 2013; Abiola and Olanipekun, 2013; Ehtesham et al., 2012; and Wahjudi, et al., 2013) dwelt on organizational performance measures such as competitive advantage, employee satisfaction, service delivery, efficiency and effectiveness, customer satisfaction, productivity and product quality instead of financial measures of organizational performance such as profit and Return on investment among others. Consequently, the effect of organization culture on financial performance of organizations operating in sugar industry is not known.

Organization performance construct has numerous definitions based on the contexts in which it's applied. Profit making organizations for instance looks at organizational performance in terms of quantitative terms such as revenue growth, profitability and return on investments among others. In non – profit making organizations, social and societal impact is a major measure of organization performance (Ittner, 2008). According to Ukko (2009) performance is the ability to distinguish the outcomes of organizational activities. Performance for any business is a measure of how effective an entity is achieving its objectives (Cascio, 2006). Business performance indicates the actual output or results measured against the intended outputs with organizations seeking performance that advances sustainable competitive advantage (Porter, 2008). This performance remains dependent on strategic actions rendered within the anticipated environment and any shift of the environment may result in obtaining performance other than that which was anticipated.

The sugar industry in Kenya has struggled for many years because of various reasons, including lack of accountability and transparency, poor management, excessive taxation and financial mismanagement leading to delayed payments to farmers and turf wars in court with stakeholders. Government commitment to reform has also been lacking in previous years. Roughly 90% of the total area dedicated to sugar cane farming in Kenya is occupied by small-scale growers; the remaining area is held by sugar factories in form of small estates. At the processing level, state owned mills which account for the bulk of milling capacity are characterized by obsolete technology and huge industry debts that limit their uptake capacity. The Kenya Sugar Board (KSB), the industry regulator, estimates the cost of producing a ton of sugar in the country (average production cost: \$ 870/MT) is higher than other Common Market for Eastern and Southern Africa (COMESA) countries' production costs (average production cost: \$ 400/MT) because of its reliance on small holder production and low capacity utilization in factories. Kenya's domestic production is around 550,000 metric tons; compared to the country's potential demand of approximately 800,000 tons leaving a net deficit to be filled by imports. Despite rosy rhetoric from the government, Kenyan Sugar sector has been unable to increase efficiency over the last several years. The government established a Strategic Plan for 2010-2014 with the goal to privatize the five state-owned millers in the country and to diversify them into ethanol distillery. This has failed to happen. This largely explains the government's desperate efforts to have the COMESA safeguards extended for another term. The activity help

report says that tending to the issues confronting Kenya's sugar ranchers is critical to change of the division. The legislature ought to be in a position to ensure stick agriculturists credits at moderate loan costs and where vital discount their debts in order to stabilize the industry, (Action Aid Sugar Report in Kenya, 2017).

South Nyanza Sugar Company limited (Sony) was established in 1976 and is located in South Western Kenya in Migori County. The company is owned by the following shareholders, i.e., Government of Kenya (being the majority shareholder and stakeholder), Centum Investment Co. (ICDC), Industrial Development Bank (IDV), and Mehta Group. The Government of Kenya owns 98.8%, Centum Investment Co 0.71%, Industrial Development Bank 0.28%, and Mehta Group 0.21%. The financial performance of Sony Sugar company has continued to be quite dismal in the recent years. According to sources from the office of the Auditor General, the company's audited books of account reveals a loss of Ksh. 1.02 billion in missed revenue with an outstanding Value Added Tax of Ksh. 657million as at June 2016 up from Ksh. 337million in the previous year. The miller's current liabilities exceed its current asset by Ksh. 2.2 billion up from Ksh. 1.4 billion. This along with other matters highlighted in the financial statement indicate the existence of material uncertainty which may cast significant doubt about the ability of the company to continue as a going concern (Auditor General's report April, 2017). However, observers have attributed financial distress of the company from the negative impacts of cheap imported sugar in the local market, lack of clear policies to implement successful sugar import checking frameworks, frail documentation and data on the business and negative impacts of local exchanging frameworks. Through Kenya Sugar Board it is seeking to approach KRA for waiver in tax arrears and also plead with the government to pump in cash to enable them settle liabilities, this has not succeeded to the present time.

1.2 Statement of the problem

Sony Sugar Company has over the years been investing heavily in cane development as one of the extrinsic motivation factors to boost the farmers drive to grow more sugarcane to sustain its daily production. But currently, investigations show that the miller is operating at 40% which is way below its installed production capacity due to an acute shortage of raw material created by massive cane poaching as reported by Inter Press News Agency 2018. The financial performance of the company has been quite dismal in the recent years, where it posted a Net

loss of Ksh.1.02 billion in missed revenue with a Value Added Tax of Ksh.657 million in year 2016 up from Ksh.337million the previous year according to the report from the office of the Auditor General. The challenges are attributed to poor and patronage-based management system at all levels resulting in low level of professional and efficient management of the industry, lack of accountability and transparency at all levels, has resulted to accumulation of huge industry debts. This challenge can be addressed using effective strategic management, particularly change management yet the approaches that Sony Sugar Company uses is not known. Previous studies are robust though general on the subject of change management. However, these past studies have not explored the extent of Business Process Reengineering, culture change and technological adoption as dimensions of change management. Furthermore, it remains unknown the effects these change management practices can have on the financial performance of Sony Sugar Company. Therefore, the purpose of this study was to examine the effects of change management on financial performance of Sony Sugar Company Limited.

1.3 Objectives of the study

The main objective of the study was to examine the effects of change management on financial performance of Sony Sugar Company Limited. In line with the main objective, the specific objectives are to;

1. Establish the influence of Business Process Reengineering on the financial performance of Sony Sugar Company Limited.
2. Establish the effect of culture change on the financial performance of Sony Sugar Company Limited.
3. Examine the effect of technological adoption on the financial performance of Sony Sugar Company Limited.

1.4 Research Hypothesis

1. H_{01} : Business Process Reengineering does not significantly influence financial performance of Sony Sugar Company Limited.
2. H_{02} : Organizational culture does not influence financial performance of Sony Sugar Company Limited.

3. H₀₃: Technological adoption does not influence financial performance of Sony Sugar Company Limited.

1.5 Scope of the study

The scope of this study was limited to employees of Sony Sugar Company comprising of top level management, middle level management and non-managerial staff. For purposes of the study, SONY Sugar Company is located within the western region of Kenya that forms one of the state-owned millers in the entire country.

1.6 Significance of the study

At the end of the study the researcher would be able to understand and appreciate the importance of change management practices and its contribution to the overall financial performance of an organization, obtain an in-depth knowledge of the change management framework as an effective tool towards adopting to the changing environment and organizational performance. It is expected that the findings of the study may be useful to Company policy makers on making effective change management policies that will spur better business performance in the ever changing environment. Researchers and scholars may find the study of great importance as it will provide information that may broaden their spheres of understanding of the strategic change management field. Further the study identified gaps that can create an opportunity for further research.

1.7 Conceptual framework

Conceptual framework can be defined as a set of broad ideas and principles taken from relevant fields of enquiry and used to structure subsequent presentation (Raps and Kauffman, 2005). Figure 2.1 depicts a conceptual framework that shows the relationship between the independent and dependent variables in the study. According to the figure, it is expected that factors such as culture, technology adoption and Business process Reengineering will influence financial performance of the organization. It is further hypothesized that the relationship between the Change management practices and organizational performance will be intervened by other variables such as Organizational structures, leadership and organizational resources. This interplay among the study variables is clearly illustrated in the figure 1.1

Independent variable

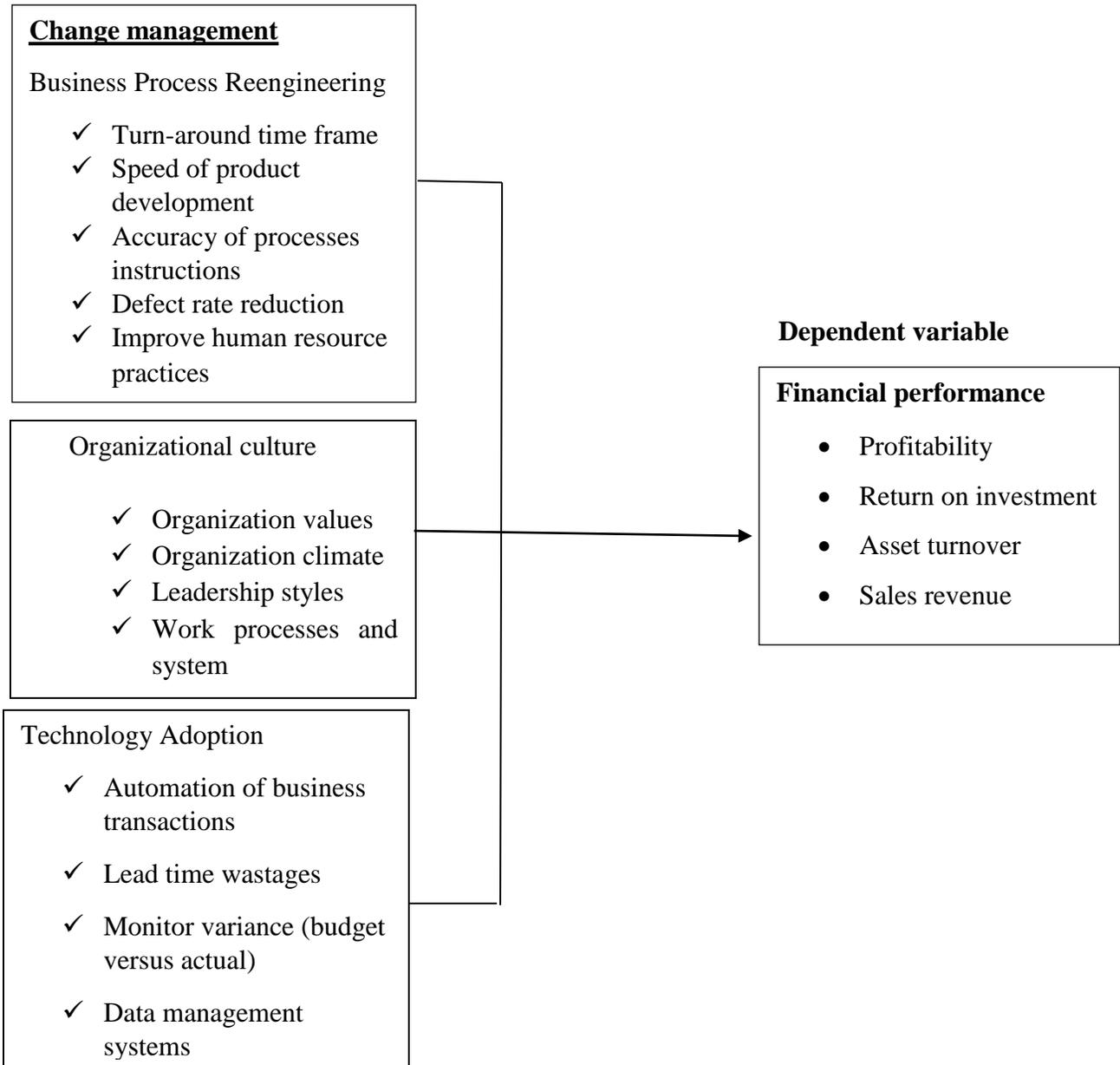


Figure 1.1: Conceptual Framework Depicting Relationship between Change Management and Financial Performance.

Source: Adopted from Beck et al. (2005)

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter describes the views and perspectives of different scholar's studies of areas that touch on change management practices on organization performance. It covers specific areas such as theories of change management, concepts of change management and performance. It seeks to reveal the study gaps through a thorough and critical review of existing empirical literatures.

2.1 Theoretical literature

2.1.1 Stakeholder Theory

Organizations operate within the consent of community, and communities comprise of group of stakeholders. Stakeholder Theory was developed by Freeman in 1984. He states that the theory is about identifying the groups who are stakeholders in an organization and the need to manage them. It's a theory of organizational management and business ethics that addresses morals and values in managing an organization and has a binding legal duty to put their needs first, to increase value for them. Stakeholder theory argues that there are other parties involved: employees, customers, suppliers, financiers, communities, government bodies, political groups, trade associations and trade unions (Freeman, 1984).

According to Johnson and Scholes (1999), organizations must manage the interest of the stakeholders including public interest groups, strategic partners and public monitoring bodies. The Stakeholder theory is relevant to this study as the quality of relationships with stakeholders is key determinants to successful change management practices. Those stakeholders who are directly involved should be recruited as advocates, allies should be encouraged, opponents be neutralized, maintain dialogue with independent stakeholders and monitor and anticipate those that are not involved in the organization.

2.1.2 Dynamic Capability Theory

Dynamic capability defined as ‘‘the firm’s ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments’’ Teen et al., (1997). This

theory was developed by David Teece in 1997. Ambrosini et al., (2009) argued that dynamic capabilities especially focus on how firms can change their valuable resources over time. They further argued that dynamic capabilities refer to the drive and enthusiasm of a firm in their ‘renewal of resources’. This perspective echoes the earlier work of Teece and Pisano (1994) and also Zollo and Winter (2002) who emphasized that in a changing external environment, firms needed to adapt and reconfigure internal resources, assets, operating routines and competencies in order to improve their effectiveness and grow competitiveness that depend on, and account for superior corporate performance. In a sense, the idea that firm capabilities need to be dynamic prioritizes alignment with the competitive environment, considering its future direction and establishing how a firm can take advantage of the opportunities provided by environmental change today and tomorrow. Thus, Dynamic Capability Theory has a strong practical footing that managers of Sony Sugar out to find especially useful and important.

The dynamic capabilities theory is based on the notion that the business world is characterized hyper competition (Bartai, 2014). For the firms to gain and sustain the competitive advantage, they must strive to continually rearrange their internal resources and capabilities that is dynamic capabilities (Ndanu, 2014). In this context, the dynamic capabilities are defined as a firm’s strategy to constantly integrate, reconfigure, renew, and recreate internal and external resources in response to dynamic and rapidly shifting market environments in order to attain and sustain competitive advantage (Kulundu, 2014). The BPR process enables the firms to create dynamic capabilities through the reorganization of the available resources to ensure optimum performance.

2.2 Change management

Change management is a structured approach to transition individuals, teams and organization from a current state to a desired future state. This process involves defining new values and behaviors, roles and positions among the workers in an organization to overcome resistance to change and to cement goal congruence and a common vision between an organization and its customers Njoki (2013)

According to Jeff (2007), change management is the process, tools and techniques used to manage the people side of business in order to achieve the required business outcomes and also

to ensure that business changes effectively within the social infrastructure of the work place. However, according to Nickols (2006), the overall process of change and change management remain pretty much the same. Thus, it is this fundamental similarity of the change process across organizations, industries, structures in different countries, continents and globally that makes change management a task a process and an area of professional practice.

Organizational change is a socially constructed reality with negotiated meaning as outcomes of power relationships and struggles for supremacy Grant (2005). Benjamin and Mabey (1993) point out that while the primary stimulus for change remains those forces that are in the external environment, the primary motivator of how change is accomplished resides with the people within the organization.

2.2.1 Business Process Reengineering

Every company competing in the business environment will have the same goal, namely how to win business competition through the company competitive advantage. Efforts to achieve a competitive advantage can be performed if the company is flexible in responding to changes and development of the existing business environment through organizational transformation. Approaches used include: reengineering, rethinking, restructuring the organizational design which has been developed in the literature of new management (Abubakar 2016).

Hammer and Champy (1996), mention that Business Process Reengineering (BPR) is defined as an effort of fundamental improvement and radical redesign of business processes to achieve the increase in efficiency of critical measures such as cost, quality, service and speed. This opinion is in line with the thoughts of Herbkersman (in Ellitan,2006), that reengineering is drastically change on how the organizations members resolve their way of working. Efforts to support the process of organization transformational change is made through Business Process Reengineering (BPR), that is to design the business processes to achieve improvements in the performance such as cost, quality, service and speed (Guoli, 2010)

Reengineering process can be seen as a cycle, as each phase is built on the success of others. Janson (2010), identifies those three phases: (1) rethinking (paradigm, vision and critical success factors), (2) Redesign (process analysis, all work and service), and (3) retooled (empowering people, distributed access and user design). Therefore, BPR is a method

promoting changes and introducing new processes and new style in working i.e it introduces different elements for a change. These elements are known as enabler and can be defined as an element which acts as a vehicle for the processes of changing (Gunasekaran & Kobu, 2002).

In order to create a dramatic increase in efficiency, productivity, or profitability, a drastic change in the design of the organization's processes is required. That is why Graham says reengineering is a useful tool that has been adopted by and hailed as one of the current major drivers of change within many organizations (Graham, 2010). The areas of improvement that BPR helps achieve include improvement of the turnaround timeframe on service delivery, reducing defect rates, increasing accuracy of process instructions, eliminating repetitive tasks, speeding up product development and improving human resource practices (Namatsi, 2014).

2.2.2 Organization culture

Culture is defined as a mixture of values, sets, beliefs, communications and explanation of behavior 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 helps in improving culture of an organization. The system of organization is based upon effective establishment of culture that keep learning/work environment strong.

Raduan (2008) observes that, a high degree of organizational performance is related to an organization, which has a strong culture with well-integrated and effective set of values, beliefs and behaviors. However, several researches concur that culture would remain linked with superior performance only if the culture is able to adapt to changes in environmental conditions (Stewart, 2010).

According to Armstrong (2009) there are four important elements of organizational culture. These are; organization value, organization climate, Leadership style, work processes and

system. No change will provide sustainable performance unless an organization's culture and employees are fully prepared and aligned to support that change.

2.2.3 Technological adoption

Technological adoption is important because it is the vehicle that allows most people to participate in a rapidly changing world where technology has become central to our lives. Individuals who won't or can't adopt will increasingly limit their ability to participate fully in the financial and convenience benefits associated with Technology. Understanding the factors influencing technology adoption helps us predict and manage who adopts, when, and under what conditions. Armed with this information we can assess where people are in the adoption process and support them as they move from technology acceptance through to usage (Bridges to Technology, 2005). Rono (2013) therefore argues that the Information Technology (IT) enhances service reliability, automation of business transactions, reduces transaction errors and lead time wastages, increases consistence in performance and customizes service

Constant technological change simultaneously creates threats to establish business models, while also offering opportunities for novel service offerings Lai (2016). Leading firms often seek to shape the evolution of technological applications to their own advantage. He noted that the rate at which payment systems develop depends largely on a struggle between rapid technological change and natural barriers to new product or service acceptance.

2.3 Empirical Review

This section of the proposal presents a review of the research related to the problem statement and objectives of the study. The part is categorized in accordance to the specific objectives to enhance the achievement of research problem. The literature discussed begins from Business Process Reengineering, organizational culture and technological adoption and their relationship to the firm performance.

2.3.1 Business Process Reengineering and organization performance

Abubakar (2016) in his study analyzed business process reengineering as an organizational transformation strategy and examine the relationship between business process reengineering and organizational performance in tour and travel business in Makassar city. The method used in this study was of Partial Least Square (PLS) analysis which aimed to explain the casual

relationship among the variables and test the hypothesis. The sample respondents were 140 employers of tours and travels business out of 219 in Makassar city. The results show that business process reengineering is a strategy used in the organizational transformation. The findings also revealed that there is also a positive relationship between business process reengineering and organization performance in tour and travel business.

Nadeem and Ahmad (2016) studied Impact of Business Process Reengineering on the performance of Banks in Pakistan. The study also tried to discuss the execution of business process reengineering (BPR) in the financial institutions of Pakistan. Pilot test was conducted to measure the test and questionnaires were selected randomly. Cronbach's alpha test was used to measure the reliability of the data and the item consistency was checked by Cronbach's alpha. SPSS was used to analyze data. The results demonstrated that the dimensions of Business Process Reengineering (BPR) are reliable and valid that is innovation, information technology use and change of management have increased the performance; attitude, efficiency and effectiveness of the Banks in Pakistan

Mohammed (2015) did a study on the effect of business process reengineering on performance of water works construction enterprises in Ethiopia. In the study, both quantitative and qualitative data collection methods were employed. The data for study were obtained from primary and secondary sources. The instrument used to gather data for quantitative study was questionnaire whereas for that of qualitative it was key informant interview. Documentary analysis was used to augment the primary data collection tools. Data were analyzed using descriptive statistics and inferential statistics. The findings revealed that after BPR implementation there were increased employees' satisfaction and increased customer satisfaction as an aspect of organizational performance. Based on the finding of the study it has been concluded that business process reengineering has become a useful weapon for any organization that is seeking for improvement in its current organizational performance and intends to achieve organizational objective.

Mungai (2015), examined the role of Business Process Reengineering (BPR) on customer relationship, cost management and operation efficiency at UAP insurance company. The study used Resourced Based View, Dynamic Capabilities Theory, and Human Capital Theory.

Descriptive research design and structured questionnaires were utilized for data collection. In the context of the order of influence of BPR on operational performance metrics (in decreasing order): demonstration of flexibility in dealing with service requests actions, BPR helping UAP achieve customer promise, improvement in the turnaround timelines for services provisions, simplification of operational processes and better coordination between branch based services and head office based services. In the context of the influence of BPR helping in customer relationship management aspects, the order of significance in ascending order was reception of useful alerts, improvement in tracking of complaints, simplification of operational process leading customer loyalty, improvement in customer acquisition process, and consistency in service delivery.

Norah (2014) examined Business Process Reengineering practices and performance of Kenya Commercial Bank. The objective of the study was to find out if there is any significant relationship between Business Process Reengineering practices and organizational performance with a specific focus on Kenya Commercial Bank. The study was based on the Resource Based View (RBV) and used a case study research design. The study target population was 5 senior managers of the Kenya Commercial Bank Limited. The data was collected through the use of semi structured interview guide and the results analyzed through use of content analysis. The study found out that the BPR affected various variables such as people, employees, business, technology etc. within KCB group. The BPR implementation sought to improve on the organizational performance and helped in the achievement of the cost leadership strategy in the operating industry and environment.

Ringim et al., (2012) examined a framework of Business Process Reengineering Factors and Organizational performance of Nigerian Banks. The study only had a general objective which was to examine the relationship between Business Process Reengineering and Organization Performance within the Nigerian Banking system. The study utilized a target population of 1023 financial institutions and a sample size of 460 respondents. The study found that the BPR affected the operating cost and interest cost hence the organization performance.

Sarlak (2012) examined Towards systematic approach for Business Process Reengineering. Addressing Organization Behavior Challenges. The study's research objectives include identification of basic phases implementing Business Process Reengineering in organization and the determination of the relationship between BPR and organization performance dimensions in organizations. The study found that successful implementation of BPR was best implemented through six phases that is preparation, assessment, solution, benchmarking, development and transformation phases. The BPR was found to have a positive effect on the organizational performance that is productivity, product quality and production cost.

From the afore mentioned studies, it is evident that possible relationship between Business Process Reengineering and organization performance exist. For instance, Abubakar (2016) found positive relationship between BPR and organization performance in Tour and Travel business. Similarly, Nadeem and Ahmad (2016) have found that BPR can impact positively on the performance of Banks in Pakistan. The results of Nadeem and Ahmad (2016) concurs with other findings by Mohamed (2015) and Mungai (2015) whose studies both revealed that BPR is a critical antecedents of organization performance. However, the above reviewed studies are not without limitations. For instance, Nadeem (2016) focused on efficiency and effectiveness as dimensions of organization performance instead of financial measures of performance like Profit and Return on Investments (ROI). Mohamed (2015) focused on employee satisfaction and customer satisfaction as an aspect of organization performance. Moreover, the above reviewed studies (Abubakar, 2016; Nadeem and Ahmad, 2016; Mohamed, 2015; Mungai, 2015; Norah, 2014; Ringim et al.,2012; and Sarlak, 2012) have focused their analysis of BPR and organization performance in other sectors such as banking, hotel, tour and travel, insurance firms, water works, telecoms etc. None of them shed light on the effect of Business Process Reengineering and financial performance in the context of sugar sector. Furthermore, the above studies (Abubakar, 2016; Nadeem and Ahamd,2016; Mohamed,2015; Mungai,2015; Norah,2014; Ringim et al.,2012; and Sarlak,2012) dwelt on organizational performance measures such as customer satisfaction, employee satisfaction, service delivery, efficiency and effectiveness, cost leadership, productivity and product quality instead of financial measures of organizational performance such as profit and Return on investment among others.

Consequently, the effect of BPR on financial performance of organizations especially firms operating in sugar industry is not known.

2.3.2 Organizational culture and firm performance

In order to successfully fit into the modern economic environment, some organizations have to change their organizational culture. Although changes can be a challenging and a long-term process for an organization, the rewards that follow are indisputable. Cameron and Quinn (2006), emphasized in their work, ‘‘Diagnosing and changing organizational culture; Based on competing values framework’’, without changing the culture there is little hope for lasting improvement in organizational performance.

According to Kandula (2006) the key to good performance is strong culture. He further maintains that due to difference in organizational culture, same strategies do not yield same results for two organizations in the same industry and in the same location. A positive and strong culture can make an average individual perform and achieve brilliantly whereas a negative and weak culture may demotivate an outstanding employee to underperform and end up with no achievement.

Oduol, (2015) did a study on the effects of organizational culture on performance of subsidiaries of selected regional commercial banks headquartered in Kenya. The research problem was studied through a descriptive cross-sectional survey of several commercial banks with subsidiaries within East African Communities. The study used primary data that was collected using semi structured questionnaires and analyzed through Statistical Package for Social Sciences (SPSS). The cultures were particularly oriented towards the relationships between the employees and fellow employees, employees and their seniors and lastly with the banks they worked for. The research findings revealed that organizational culture positively influences performance. The provision of rules that provided clear instructions, processes and procedures for employees was the most prevalent culture

This would therefore be translated to imply that employees will subsequently diligently attend to their duties thus eliminate errors and hence better performance both on their part and also on the bank. This study concludes that for performance of firms to improve, present organization culture should be supportive and compatible with intended strategies and day to day running of

activities of employees. For banks to remain competitive, they should advocate for a corporate culture that motivates employees and also gives them a sense of belonging to the firm. The rationale behind this adoption is that employees were more satisfied in their work and customers as well were satisfied with the services delivered.

Mashal and Saima, (2014) conducted a study in Bahawalpur Pakistan franchises of Telecom companies. The purpose of the study was to determine the Impact of organizational culture on organization performance in order to know how culture of an organization assist in enhancing the organization performance. The study employed exploratory research design. The data was collected through questionnaires and balance scorecard was used to measure performance. The findings indicate that all the dimension of the culture influence the different perspective of organizational performance. For instance, it was revealed that value and norms of employees enhance the organization effectiveness, also the findings indicate that these telecom companies were inclined towards collectivism due to which employees were more satisfied with their work hence increase in performance.

Awadh and Saad (2013) investigated the relationship between organizational culture and performance. Literature review is adopted as methodology to assess the culture of an organization impacts upon process, employees and systems. The study found certain dimensions of culture have been identified so far and research shows that value and norms of an organization were based upon employee relationship. The study recommended that strong culture of an organization be based upon managers and leaders help in improving level of performance. Managers need to relate organizational performance and culture to each other as they help in providing competitive advantage.

Abiola and Olanipekun (2013) studied effects of organizational culture on the performance of Quantity Surveying Firms in Nigeria. The study adopted survey research design where 126 well-structured questionnaires were sent to principal partners, senior and junior quantity surveyors in 42 quantity surveying firms in Lagos out of which 90 questionnaires from 40 quantity surveying firms were analyzed using mean score. Stepwise regression analysis was carried out in order to find the most parsimonious set of predictors that are most effective in

predicting the performance of quantity surveying firms. The study reveals that organizational culture wields influence on the performance of quantity surveying firms in the areas of reward, stability, competitiveness and performance orientation. The paper concludes that quantity surveying firms were more efficient and achieved sustainable performance when they focused their attention on those organizational elements that enhance performance.

Wahjudi, Moses, Patdono and Imam (2013) studied the impact of Organizational Culture on Firm Performance. The study tries to confirm the impact of Indonesian national culture on firm performance of Indonesian Manufacturing Firms. The data from 151 organizations are analyzed using structural equation modeling (SEM). The results confirm that organizational culture has significant effect in firm performance. Among the five culture dimensions, individuals have a stronger impact on firm performance, while uncertainty avoidance has only weak impact on firm performance. The study therefore concluded that employees were more satisfied in their work and increase performance.

Ehtesham, Masood and Shakil (2011) examined the relationship between Organizational culture and Performance Management Practices a case study of University in Pakistan. The study adopted the exploratory research approach to explore the impact. In this study, the primary data was collected through questionnaires from 140 employees at the COMSATS Institute of Information Technology. The sample consists of both male and female faculty members. The regression and correlation statistical analysis were used. The results from the statistical analysis show that, involvement is highly correlated with consistency and adaptability, also there was improvement in service delivery. Similarity, the other dimensions of organizational culture have a positive significant relationship with the performance management practices.

From the literature presented, it can be observed that possible relationship between culture and organization performance exist even though the studies focused on different areas and contexts. For instance, Oduol (2015) in her study found positive relationship between organizational culture and firm performance of subsidiaries of selected regional commercial banks in Kenya. Similar to this was the work of Mashal and Saima (2014) who reported that organizational culture positively impacts on performance of Pakistan franchises of Telecom companies. The

results of Oduol (2015), and Abiola and Olanipekun (2013) concurs with other findings by Ehstesham et al (2012), and Wahjudi, et.al (2013) who also revealed that organizational culture is antecedent of performance. However, there exist limitations drawn from the studies for instance, Abiola and Olanipekun (2013) focused their attention on reward, stability and competitive advantage as dimensions of organization performance instead of financial performance like Profitability and Return on Investment, while Mashal and Saima, (2014) focused on organization effectiveness as an aspect of organization performance instead of profitability and Return on Investment as dimension of financial performance. Wahjudi et.al (2013) focuses exclusively on the functional effect of an individual, all were looking towards employee's satisfaction as a dimension of performance and not Profit and Return on Investment as an aspect of financial performance. Moreover, the above reviewed studies (Oduol, 2015; Marshal and Saima, 2014; Awadh and Saad, 2013; Abiola and Olanipekun, 2013; Ehstesham et al., 2012; and Wahjudi, et al., 2013) have focused their analysis of organizational culture and firm performance in different sectors like Universities, Quantity surveying firms, telecoms, banks etc. None of them shed light on the effect of organization culture and financial performance of organizations in sugar sector. Furthermore, the above studies (Oduol, 2015; Marshal and Saima, 2014; Awadh and Saad, 2013; Abiola and Olanipekun, 2013; Ehstesham et al., 2012; and Wahjudi, et al., 2013) dwelt on organizational performance measures such as competitive advantage, employee satisfaction, service delivery, efficiency and effectiveness, customer satisfaction, productivity and product quality instead of financial measures of organizational performance such as profit and Return on investment among others. Consequently, the effect of organization culture on financial performance of organizations operating in sugar industry is not known.

2.4 Technological adoption and firm performance

It is widely accepted among many authors and researchers in the organizational field that technology has a significant effect on the financial performance of the organization's activities (Bhattacharjee & Hirschheim, 1997; Morris & Westbrook, 1996; Porter & Millar, 1985). For example, information technology applications can be used to improve the level of efficiency of administrative functions in an organization and to enhance the effectiveness of managerial activities. These applications also can be used as tools to impose better organization on tasks and to provide better information to managers. Zuboff (1988) pointed out that information technology applications are strongly altering the way in

which production operations are carried out in a variety of industries and thus using information technology to create and acquire a competitive advantage. Economic theory (Breshnahan & Trajtenberg (2002), and Helpman, (1999) suggests that the adoption and diffusion of new technologies can be spurred by many factors and can have far reaching consequences. Virtually all economic spheres can be affected by technologically induced changes, including innovation dynamics, productivity and growth, the development of market structures, and the composition of labor demand.

Njoroge, Muathe and Bula (2016), investigated the effects of technology on performance of mobile telephone industry in Kenya. The study employed descriptive and explanatory design. The target population consisted of 381 respondents and the sample size was 170 respondents from the four mobile phones companies in Kenya. The research adopted stratified random sampling technique. The study used mainly primary data which was collected using self-administered questionnaires. Reliability of the instruments was tested using Cronbach's alpha reliability coefficient of 0.7 which was considered acceptable, hence the instrument was reliable. Data was analyzed using inferential statistics. An inferential statistic simple linear regression was used to test the hypothesis. The analysis used Stata statistical package version 11.0 to aid data analysis. The results were presented using tables. Technology was found to be significant in explaining the variation of performance of mobile phones companies. The study concluded that there is need for the companies to invest more in modern technology to cope with the changes that are necessary to enhance performance. Finally, the study recommended that further research be done by replicating the same study in other companies or industries like banks.

Charles (2014) investigated the impact of Technological Innovation on Organizational Performance. The objectives of the study were to determine the relationship between strategic planning and marketing planning capabilities on organizational performance in the manufacturing industry. The study employed survey research. Primary data was used with questionnaire as a research instrument. The subjects were 137 employees of Nestle Foods Nigeria Plc. The four-hypothesis formulated for this study were tested using correlation, regression analysis, Pearson's Correlation and Analysis of Variance (ANOVA), with the aid of Statistical Package for Social Sciences (SPSS). The findings from the study revealed that

strategic planning and marketing capability independently and jointly influence organizational performance. Also, there is positive interaction between performance variables (i.e resources availability, staff quality, productivity, sales revenue, financial strength, public image and good will). Based on the finding, it was recommended that there is the need for organizations to be innovative technologically to be competitive in the market. And companies should train their employees for better efficiency and effectiveness.

Kariuki (2014) studied the impact of Information Technology on the organization performance. The objective of the study was to determine the level of use of information technology and its relationship with organizational performance at Population Services Kenya. A descriptive survey design was used and primary data were collected using semi- structured questionnaire. The study findings revealed that majority of the respondents had various IT company devices at their disposal to enable them perform their duties. The study findings also revealed that there was a positive relationship between the level of IT use and organizational performance. The study results indicated that IT use explains 82.4% of organizational performance at PS Kenya. Finally, the study revealed that IT tools and services embraced gave the organization the competitive edge and improved service delivery to their customers.

Jela (2013) established the drivers of supply chain technology adoption, the level of supply chain adoption and the relationship between extent of supply chain technology adoption and performance of manufacturing organizations. This study adopted an exploratory research design. The target population comprised all 656 manufacturing firms operating in Nairobi as listed in the KAM directory of manufacturers and exporters 2013. Stratified sampling was applied to pick 66 respondents. A structured questionnaire was used to collect data. The quantitative data was analyzed using descriptive statistics. The study used simple linear regression to analyze the relationship between extent of supply chain technology adoption and performance of manufacturing organizations. From the findings, the study concludes that supply chain technology as a tool does not only improve the effectiveness and efficiencies of operations but also act as a competitive weapon to the organization strategy. The study further concludes that supply chain technology adoption improved communication and productivity between the organization and supplies and led to the reduction in costs, it also increased efficiency across the extended supply chain and enhanced network relationships.

Sanda, Binuyo and Oduseyi (2013) conducted a study on ICT adoption and integrationist impact on performance of business units in South west Nigeria. The study examined the influence of human action on the effect of the adoption of ICT solutions on the performance of business units of Universities in South West Nigeria. To do this, the entire population of Universities in South Western Nigeria comprising of seven Federal, ten state and twenty private Universities were sampled for the study. Both primary and secondary data were employed for the study. The variables of interest from the secondary data were: Return on Capital employed (ROCE), Net Profit Margin (NPM), and ICT Cost Efficiency (ICTCE). Data collected were analyzed using both inferential as well as descriptive statistics especially the Multiple Regression technique. The study found out that there is a significant relationship between ICT use and Performance of business units of the said Universities. The study concluded that if properly managed, the use of ICT solutions has a significant potential to boost considerably Return on Capital Employed and cost efficiency of business units of Universities in South-western Nigeria.

Akbar and Abachian (2013) studied Effects of Information Technology on Organization Structure and Firm performance. The study employed a casual and descriptive research design to determine the cause and effect relationships among Information Technology, Organization Structure and Firm Performance based on previous studies. A model incorporating these three constructs is examined using structural equation modeling (SEM). A 14-question self-administered questionnaire comprising three sections was employed. The target population for this study was consultant Engineers firm's owners, general and executive managers, and experts in the area of Tehran, Iran. A field survey was carried out and questionnaires were sent to all of the selected firms based on a cluster- sampling approach. The results show that Information Technology has a direct and indirect impact on Firm performance. Organization structure is found to have a direct effect on Firm performance. Finally, the result of the study showed that IT adoption improved the organization efficiency.

Despite increasing anecdotal evidence that technological adoption positively affects performance, the empirical results relating technological adoption to firm performance measures have been equivocal. For instance, Kariuki (2014) found positive relationship between IT use and firm performance in Population services Kenya. Similarly, Charles (2014) in his study of Nestle foods Nigeria Plc found a positive correlation of Technology and firm performance, Jela

(2013) found technology adoption positively influences performance of large manufacturing firms in Nairobi Kenya. The results of Sanda et al., (2013) concurs with the findings of Akbar and Abachian, (2013) whose studies both revealed that Technological adoption is a critical antecedents of organization performance. However, the afore mentioned studies are not without limitations for instance Charles, (2014) focused on productivity and efficiency as dimensions of performance instead of financial measures of performance like Profitability and Return on Investment. Similarly, Kariuki, (2014) and Akbar and Abachian, (2013) both focused exclusively on non-financial measures of performance like productivity, efficiency and service delivery. Contrary, Sanda et., al (2013) focused on financial measure of performance on Return on Capital Employed and efficiency but did not looked at Profitability and Return on Investment as financial measures of performance. Moreover, the above reviewed studies (Charles, 2014; Kariuki, 2014; Jela, 2013; Sanda et al., 2013; Akbar and Abachian, 2013) have focused their analysis of Technological adoption and organization performance in other sectors such as Universities, consulting firms, food manufacturing industries, service sectors etc. none of them shed light on the effect of technological adoption and financial performance in the context of sugar sector. Furthermore, the above studies (Charles, 2014; Kariuki, 2014; Jela, 2013; Sanda et al., 2013; Akbar and Abachian, 2013) dwelt on organization performance measures such as service delivery, efficiency, cost leadership, productivity and customer satisfaction instead of financial measures of organization performance like Profitability and Return on Investment. Consequently, the effect of Technological adoption on financial performance of organizations especially firms operating in sugar sector is unknown.

CHAPTER THREE: RESEARCH METHODOLOGY

Introduction

This chapter sets out various stages and phases that was followed in completing the study. It covers the study design, the research population, and methods of data collection, research procedures and the methodology that the researcher used in the study.

3.1 Research design

A research design is the plan, structure of investigation conceived to obtain answers to research questions that includes an outline of the research work from hypothesis, methods and procedures for collecting and analyzing data and presenting the results in a form that can be understood by all (Mugenda & Mugenda, 2008). The study employed correlational research design. The choice of the research design is justified as it allowed the application of inferential statistics since the current study will use inferential statics to establish relationships among study variable and draw generalizations.

3.2 Target population

A population is the aggregate of all cases that conform to some designated set of specifications (Paton, 2002). Population is the larger group from which the sample was be taken. It is a complete set of individuals, cases or objects having some common characteristics that was of interest to the researcher. The target population involve 315 employees of Sony Sugar Company which comprises of top level management, assistant managers and non – managerial staff categorized as table 3.1 below.

Table 3.1 Target population

	Population	Percentage (%)
1.Top level management	14	4.4
2.Middle level management (assistant	28	8.8

managers)

3. Non-managerial Staff 277 86.8

Total 315 100

Source: Sony sugar human resource directory (2018)

3.3 Sample size and sampling Technique

The purpose of sampling is to gain an understanding about some features or attributes of the whole population based on the characteristics of the sample. A sample size is the number of items to be selected from the population to constitute a sample (Kothari, 2004). Due to the vast size of the population, a sample was selected from the entire population using stratified simple random sampling technique in order to classify the entire population of 315 respondents into three strata; top level managers, Middle level management staff and lower cadre employees. The arrival at sample size is based on 95% level of confidence and a margin of error of 5%. For most business and management researches, a margin of error of 3-5% will be deemed sufficient to estimate the population characteristics (Saunders, et al, 2007). Using the formula suggested by Corbett (2003), the sample size if there is no previous study or estimate available, then 0.5 for p and q can be used, as these are the values which will give the largest sample size, and it was better to have too large of a sample size and come under the maximum error of the estimate than to have too small of a sample size and exceed the maximum error of the estimate.

$$n = \frac{[Z\alpha/2]^2 p \cdot q}{E^2} \dots\dots\dots\text{equation 3.1}$$

E

Where E is the margin of error, Z is the z-value of the normal distribution, P is the proportion of population and q= (1-p). When this formula was applied and adjusted for a finite population n=315, then the sample size n=124. According to Mugenda (2009), this technique ensures that subgroups that constitute the majority of population were represented proportionately. The resulting sample size is presented in Table 3.2 below. A sample size of 124 respondents represents about 39.4 % out of the population of 315. According to Freud (1988); and Cooper and Schindler (2003), 30% of a given population under study is sufficient for generalization in social science research. The arrival at the sample sizes of individual categories is based on

proportionate allocation. Singh & Smith, (2006) noted that this will ensure that the cases in each category had equal chance of being chosen and that sample of responding employees is representative of the broader population.

Table 3.2: Table of Sample Frame and Sample Size (n)

Category	Population	Sample	Percentage (%)
1.Top level management (Senior managers including CEO)	14	6	4.8%
2.Middlelevel management (assistant managers)	28	11	8.8%
3.Non-managerialStaff (Subordinates)	273	107	86.4%
Total	315	124	100%

Source: Sony sugar human resource directory (2018)

3.4 Data collection

The study adopted both primary and secondary data collection methods. Primary data was collected through self-administered questionnaires. The structured questionnaires consisted of open ended and closed ended questions designed to elicit specific responses for qualitative and quantitative analysis respectively. Secondary data was sourced from published financial statements of the company available from the finance department, company’s publications, periodicals and information obtained from the internet. Kothari (2004) highlights that a questionnaire gives the respondents’ adequate time to think through respond to questions accordingly.

3.5 Instrument Reliability Test

According to Mugenda and Mugenda (2009) reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. Reliability in research is influenced by random error, of which if it’s high, reliability is low. This reliability estimate

was measured using Cronbach’s Alpha coefficient (α). Nunnally (1978) recommends that instruments used in research should have reliability of about 0.70 and above. The results of reliability test was shown in Table 3.3.

Table 3.3: Internal consistency of Scale

Constructs	No. of Items	Cronbach’s alpha
1. BPR	5	0.863
2. Organization culture	5	0.771
3. Technology adoption	5	0.838
4. Financial Performance	5	0.814

Source: Survey Data, (2017)

As shown in Table 3.3, the reliability test for all items yielded a Cronbach’s Alpha coefficient of between 0.771 and 0.863. Since all items had alpha coefficient ($\alpha > 0.7$), then the scale was regarded as reliable for measuring the four main constructs of the study (Nunnally, 1978).

3.6 Instrument Validity Test

According to Borg and Gall (2009), validity is the degree to which a test measures what it purports to measure. To enhance validity, the researcher exposed the instruments to experts in research for judgments, a procedure that has seen inappropriate questionnaire items being discarded, rephrased and or merged.

3.7 Data analysis

The computed data was analyzed using descriptive statistics including frequencies, means values and percentages. Interpretation of the data was done within the frame of reference of the research problem. Linear regression formula was used to determine the relationship between the dependent and independent variables.

The model to be used is as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

With:

Y = Financial Performance

β_0 = Constant

β_1 = Coefficient of Business Process Reengineering

β_2 = Coefficient of organizational culture

β_3 = Coefficient of technological adoption

X₁ = Determinants of Business Process Reengineering

X₂ = Determinants of organizational culture

X₃ = Determinants of technological adoption

ε = Error term assumed to be a constant

Source: Adapted from Fairchild and MacKinnon (2009)

CHAPTER FOUR: RESULTS AND DISCUSSION

Introduction

This part is divided into two main sections. The first section addresses the descriptive aspects of the data such as the demography of the sample data while the second part deals with the quantitative or inferential statistics. It basically shows the extent of the adoption of Business Process Reengineering, Organizational culture and technology adoption, the observed relationship between these three variables and financial performance using direct entry regression techniques. Therefore, this chapter will address the specific objectives of the study.

4.1 Response Rate

Primary data was collected by means of self-administered questionnaires, of which out of 124 expected respondents, 120 of the questionnaires were completed, a response of 96.8 % which was deemed sufficient. According to Sekaran (2008), a response rate of 60% is considered adequate for analysis in social science research. The response rate is summarized in Table 4.1 below.

Table 4.1: Response Rate

	Top Management level	Middle level management	Non- managerial staff	Total
Number of Respondents Targeted in the Survey	6	11	107	124
Actual Number of participants who took part in the survey	6	11	103	120
Number of Non-responses.	0	0	4	4
Percentage response rate				96.8%

Source: Survey Data (2018)

4.2 Characteristics of Respondent

The gender summary of the respondents was indicated in Table 4.2. From the Table 4.2, seventy (70) respondents were male representing a sample of 58.3 % of the total study population while

fifty (50) respondents were female with 41.7 % of the total population. This therefore means that there were slightly more male respondents than female respondents in the study area.

Table 4.2: Gender of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	70	58.3	58.3	58.3
Female	50	41.7	41.7	100.0
Total	120	100.0	100.0	

Source: Survey data (2018)

Table 4.3 below shows the distribution of sampled respondents based on the duration worked at the company. According to the Table 4.3, majority of respondents (45.8 %) reported that they worked for a period of below 5 years. Only 18.3 % reported that they worked for the company for more than 10 years. This infers that most respondents in the study area have worked for a considerably longer time duration within the company.

Table 4.3: Distribution of Respondents Based on Period worked in the company

	Frequency	Percent	Valid Percent	Cumulative Percent
Below 5 years	55	45.8	45.8	45.8
6-10 years	43	35.8	35.8	81.7
More than 10 years	22	18.3	18.3	100.0
Total	120	100.0	100.0	

Source: Survey Data (2018)

Table 4.4, below shows the distribution of sampled respondents based on the position held at the company. According to the Table 4.4, majority of respondents (85.8 %) reported that they work as non-managerial staff while only 9.2% reported that they occupy middle level management position. Only 5% reported that they occupy top level management position in the company. This infers that most respondents who participated in the study are lower cadre employees.

Table 4.4: Distribution Based on Position worked in the company

	Frequency	Percent	Valid Percent	Cumulative Percent
Top management	6	5.0	5.0	5.0
Middle level management	11	9.2	9.2	14.2
Non- Managerial Staff	103	85.8	85.8	100.0
Total	120	100.0	100.0	

Source: Survey Data, (2018)

4.3 Extent of Business Process Reengineering (BPR)

In the study, while trying to address the study objectives, an attempt was made by the researcher to use descriptive statistics to address the extent to which BPR practices was exercised at Sony Company. This is seen in Table 4.5.

Table 4.5: Extent of Business Process Reengineering

	N	Min	Max	Mean	Std. Dev
There is increased accuracy of process instructions as a result of BPR	120	1	5	3.72	.891
BPR is associated with improvement in Human resource practices	120	1	5	3.96	.929
BPR has improved the speed of product development in the company over the last years	120	1	5	4.00	1.021
The turnaround timelines for service provision at Sony Sugar has improved in the recent past.	120	1	5	3.91	1.045
BPR enabled elimination of repetitive tasks over the last two years	120	1	5	4.15	.950
Mean scores	120			3.94	0.967

Source: Survey Data (2018)

The results for descriptive statistics as shown in table 4.5 above, with N = 120 as the total number of respondents indicate the following as the findings. Overall, BPR practices have been reported to be prevalent to a moderate extent as shown by the overall mean value of 3.94 and a standard deviation value of 0.967 in Sony Sugar Company. This therefore imply that BPR is a moderately prevalent practice in Sony Sugar Company.

4.4 Extent of manifestation of Organization Culture in Sony Sugar Company

In the study, while trying to address the study objectives, an attempt was made by the researcher to use descriptive statistics to address the extent to which organizational culture has manifested itself as an element of change management in Sony Sugar Company. This is seen in Table 4.6.

Table 4.6: Extent of Manifestation of Organizational Culture

	N	Min	Max	Mean	Std. Dev
There is a greater level of team work among employees over the years.	120	1	5	3.63	.979
Hierarchy structure of management within the organisation is clearly defined	120	1	5	4.01	1.081
There is greater accountability for end results within the organization	120	1	5	3.13	1.173
Organizations climate has created stability in Sony Sugar amid environmental turbulence.	120	1	5	3.51	.996
The Organization is characterized by high performance, visibility and outreach in its catchment areas.	120	2	5	4.06	.919
Mean score	120			3.67	1.029

Source: Survey Data, (2018)

The results for descriptive statistics as shown in table 4.6 above, with N = 120 as the total number of respondents indicate the following as the findings. Overall, practices depicting elements of organizational culture were moderately prevalent as shown by the overall mean value of 3.67 and a standard deviation value of 1.029 in Sony Sugar Company. This, therefore imply that Organizational cultural practices have manifested itself in Sony Sugar Company to a moderate extent.

4.5 Extent of Technological Adoption at Sony Sugar Company

In the study, while trying to address the study objectives, an attempt was made by the researcher to use descriptive statistics to address the extent to which elements of technological adoption have manifested themselves at Sony Sugar Company. This is seen in Table 4.7.

Table 4.7: Extent of Technological adoption at Sony Sugar Company

	N	Min	Max	Mean	Std. Dev
Our company has automated most business transactions and work flows i.e. online orders, sales and payments	120	2	5	4.22	.891
There has been extensive acquisition and use of Technology adoption in our company.	120	1	5	4.11	1.011
Use of Technology has helped Sony Sugar monitor variances (budget versus actual) in real time basis.	120	1	5	3.55	1.114
Reduced lead time and wastages are as results of technology adoption in our company.	120	2	5	3.62	.997
Use of Technology data management systems has made the decision-making process faster for our company.	120	1	5	3.90	1.056
Mean Score	120			3.88	1.014

Source: Survey Data (2018)

The results for descriptive statistics as shown in Table 4.7 above, with N = 120 as the total number of respondents indicate the following as the findings. Overall, Practices indicating technological adoption at Sony Sugar Company have been reported to be prevalent to a moderate extent as shown by the overall mean value of 3.88 and a standard deviation value of 1.014. This, therefore imply that Sony Sugar has adopted technology to a moderate extent at the time of the study.

4.6 Extent of Financial Performance at Sony Sugar Company

In order to facilitate performance of further statistical analysis that will establish the effects of the independent variables on dependent variable, the study also sought to establish the extent of financial performance. This was necessary as it will lay foundation for the subsequent analyses of relationship between BPR, organizational culture and Technology adoption and financial performance. The findings are in Table 4.8.

Table 4.8: Extent of Financial Performance at Sony Sugar Company

	N	Min	Max	Mean	Std. Dev
Profitability levels of the company over the last few years is favorable and depict potential future growth	120	1	5	2.88	1.034
The sales revenue for the last few years are impressive at our company.	120	1	5	3.01	.948
Return on investment has been favorable over the years.	120	1	5	2.78	.921
The company has reported an increase in Asset turnover over the years	120	1	5	2.45	.951
Operating cash flows of the company has been growing continually over the years	120	1	5	2.25	1.079
Mean score	120			2.67	0.987

Source: Survey Data, (2018)

The results for descriptive statistics as shown in table 4.8 above, with N = 120 as the total number of respondents indicate the following as the findings. Overall, the level of financial performance at Sony Sugar Company is low as shown by a mean value of 2.67 and a standard deviation value of 0.987. This imply that Sony Sugar Company is currently experiencing unsatisfactory performance results on indicators such as profit, sales revenue, return on investment, asset turnover and operating cash flow.

4.7 Effect of Change Management Practices on Financial Performance.

To actualize the study objectives, a regression analysis between the three dimensions of Change management practices namely: BPR, Organization culture, technological adoption and financial performance was undertaken. The direction and magnitude of influence or effect of each of the dimensions of change management on financial performance was eventually established using the regression model whose findings were presented in Tables 4.9, 4.10 and 4.11.

Table 4.9 gives the model summary which shows that the proportion of variance in the financial performance that is explained by the independent variables is 54.2% ($R^2 = .542$, $p < 0.001$). The coefficient of determination ($R^2 = 0.542$) and the model is acceptable since the F-statistic is significant and suggests that the independent variables jointly influence the dependent variable. The value of Durbin-Watson is 2.147. Generally, the value of the Durbin-Watson statistic

ranges from 0 to 4. As a rule of thumb, the residuals are uncorrelated if the Durbin-Watson statistic is approximately 2. A value close to 0 indicates strong positive correlation, while a value of 4 indicates a strong negative correlation. The computed value is also close to 2, which indicates the absence of serial correlation.

Table 4.9: Estimated Model of Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
	.736 ^a	.542	.530	.51296	.542	45.732	3	116	.000	2.147

a. Predictors: (Constant), Technological adoption mean score, Organizational culture mean score, BPR mean score

b. Dependent Variable: Financial Performance mean score

Table 4.10 shows ANOVA results of the estimated model. The data test revealed that $F(3, 116) = 45.732$ at $p < 0.01$, an indication that the model fits the research data well. The researcher can therefore, deduce that all the independent variables (i.e. BPR, organizational culture and Technology adoption) jointly explain Financial Performance at Sony Sugar Company.

Table 4.10: ANOVA Results on the Estimated Financial Performance Model

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	36.101	3	12.034	45.732	.000 ^b
Residual	30.523	116	.263		
Total	66.624	119			

a. Dependent Variable: Financial Performance mean score

b. Predictors: (Constant), Technological adoption mean score, Organizational culture mean score, and BPR mean score.

Source: Survey Data, (2018)

The regression model was in the form $Y_i = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + \epsilon_i$ and by adding regression coefficient as was shown in Table 4.11. This was later transformed into:

$$Y = 0.105 + 0.320 X_1 + 0.263 X_2 + 0.244 X_3 \dots\dots\dots \text{equation 4.1}$$

$$R^2 = 0.542 (54.2\%)$$

Table 4.11: Coefficients of Independents variables

	Unstandardized		Standardized	t	Sig.	95.0% Confidence		Collinearity	
	Coefficients		Coefficients			Interval for B		Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	.105	.228		.460	.646	-.347	.557		
BPR mean score	.320	.057	.394	5.602	.000	.207	.433	.800	1.250
Organizational culture mean score	.263	.059	.304	4.442	.000	.146	.380	.845	1.183
Technological adoption mean score	.244	.049	.324	4.958	.000	.146	.341	.926	1.080

a. Dependent Variable: Financial Performance mean score

Source: Survey Data (2018)

4.8 Establish the effect of BPR on Financial performance of Sony Sugar Company

The first objective of the study was to establish the effect of BPR on financial performance at Sony Sugar Company. In these regards, BPR was found to have a significant positive influence on Financial performance (B =0.320, p=0.000) thereby rejecting the null hypothesis H_{01} , which state that BPR does not significantly affect financial performance of Sony Sugar Company. This means that a unit change in BPR practices causes 0.320-unit change in financial performance and the change is significant. This implies that BPR practices is a critical determinant of financial performance of Sony Sugar Company.

The finding that BPR practices has exerted significant positive influence on financial performance has received some support from theoretical literature as well as past empirical studies. Theoretically, Nangami (2014) contends that Business Process Reengineering (BPR) aims to achieve improvements in the contemporary measure of financial performance that is cost, quality, service and speed. Empirically, the finding of the current study concurs with that of Abubakar (2016) who also found positive relationship between BPR and organization performance in Tour and Travel business. Similarly, Nadeem and Ahmad (2016) have found that BPR can impact positively on the performance of Banks in Pakistan. Similar results were reported by other past studies by Mohamed (2015) and Mungai (2015) who revealed that BPR

is a critical antecedents of organization performance. However, Nadeem (2016) study focused on efficiency and effectiveness as dimensions of organization performance instead of financial measures of performance like Profit and Return on Investments (ROI). On the other hand, Mohamed (2015) focused on employee satisfaction and customer satisfaction as an aspect of organization performance instead of financial measures like profit and revenue. Moreover, (Abubakar, 2016; Nadeem and Ahmad, 2016; Mohamed, 2015; Mungai, 2015; Norah, 2014; Ringim et al.,2012; and Sarlak, 2012) have all focused their analysis of BPR and organization performance in other sectors such as banking, hotel, tour and travel, insurance firms, water works, telecoms etc. None of these studies shed light on the effect of Business Process Reengineering and financial performance in the context of sugar sector. Furthermore, most of these studies (Abubakar, 2016; Nadeem and Ahamd, 2016; Mohamed, 2015; Mungai,2015; Norah, 2014; Ringim et al.,2012; and Sarlak,2012) dwelt on organizational performance measures such as customer satisfaction, employee satisfaction, service delivery, efficiency and effectiveness, cost leadership, productivity and product quality instead of financial measures of performance such as profit and Return on investment among others. The current study however was a great milestone in terms of hypothesizing, empirically testing and establishing the link between BPR and financial performance along dimensions such as profit, revenue etc., an area that hitherto remained unexplored especially in the context of sugar sector in Kenya. This is despite sugar sector in Kenya experiencing unprecedented challenges.

4.9 The Effect of Organization Culture and Financial Performance

The second objective of the study was to examine the effect of organization culture on financial performance in Sony Sugar Company. In this regard, organization culture was found to have significant positive influence on financial performance ($B = 0.263$, $p = .000$) thereby rejecting the second null hypothesis H_{02} , which states that organization culture does not significantly affect financial performance. This means that a unit change in organization culture will cause 0.263-unit change in financial performance and the change is significant. This implies that organization culture is a significant predictor of financial performance of an organization.

The finding that organizational culture has exerted significant positive influence on financial performance has received some support from theoretical literature as well as past empirical studies. Past empirical studies relating organization culture to firm performance suggest that

few but plausible relationship exist between two variables. For instance, Similar to the current study, Oduol (2015) found positive relationship between organizational culture and firm performance of subsidiaries of selected regional commercial banks in Kenya. In Pakistan, Mashal and Saima (2014) have reported similar finding which suggests that organizational culture positively impacts on performance of Pakistan franchises of Telecom companies. However, Mashal and Saima, (2014) focused on organization effectiveness as an aspect of organization performance instead of financial measures such as profitability and Return on Investment. Elsewhere, Ehtesham et al (2012), and Wahjudi, et.al (2013) who also revealed that organizational culture is antecedent of performance. Wahjudi et.al (2013) focused exclusively on the functional effect of an individual, all were looking towards employee's satisfaction as a dimension of performance and not Profit and Return on Investment as an aspect of financial performance. Furthermore, the above studies (Oduol, 2015; Marshal and Saima, 2014; Awadh and Saad, 2013; Abiola and Olanipekun, 2013; Ehtesham et al., 2012; and Wahjudi, et al., 2013) dwelt on organizational performance measures such as competitive advantage, employee satisfaction, service delivery, efficiency and effectiveness, customer satisfaction, productivity and product quality instead of financial measures of performance such as profit and Return on investment among others. The current study however has made contribution to new knowledge in terms of establishing the link between organizational culture and financial performance that hitherto remained unexplored especially in the context of public sugar manufacturing firms in Kenya.

4.10 The effect of Technology adoption on Financial Performance

The third objective of the study was to establish the effect of technology adoption on financial Performance. In this regard, technology adoption was found to have significant positive influence on financial Performance ($B = 0.244$, $p = .000$) thereby rejecting the third null hypothesis H_{03} , which states that technology adoption does not significantly influence financial performance at Sony Sugar Company. This means that a unit change in technology adoption will cause 0.244-unit change in financial performance and the change is significant. This implies that technology adoption is indeed a critical determinant of financial performance.

The finding that technology adoption exert significant positive influence on financial performance has received some support from theoretical literature as well as past empirical

studies. For instance, the finding of the current study concurs with that of Kariuki (2014) who found positive relationship between IT use and firm performance in Population services Kenya. However, it worth noting that Kariuki, (2014) and Akbar and Abachian, (2013) both focused exclusively on non-financial measures of performance like productivity, efficiency and service delivery. Similar finding was offered by Charles (2014) whose study revealed a positive correlation of Technology and firm performance in his study of Nestle foods Nigeria Plc. However, Charles, (2014) study focused on productivity and efficiency as dimensions of performance instead of financial measures of performance like Profitability and Return on Investment.

More empirical support for the current study was given by Jela (2013) who found that technology adoption positively influences performance of large manufacturing firms in Nairobi Kenya. Similar finding was offered by Sanda et al., (2013) and Akbar and Abachian, (2013) whose finding concurred with that of the current study by revealing that Technological adoption is a critical antecedents of organization performance. However, the above reviewed studies (Charles, 2014; Kariuki, 2014; Jela, 2013; Sanda et al., 2013; Akbar and Abachian, 2013) have all focused their analysis of Technological adoption and organization performance in other sectors such as Universities, consulting firms, food manufacturing industries, service sectors etc. none of them shed light on the effect of technological adoption and financial performance in the context of sugar sector.

Furthermore, the above studies (Charles, 2014; Kariuki, 2014; Jela, 2013; Sanda et al., 2013; Akbar and Abachian, 2013) dwelt on organization performance measures such as service delivery, efficiency, cost leadership, productivity and customer satisfaction instead of financial measures of organization performance like Profitability and Return on Investment. This current study however, has made greater contribution to new knowledge in terms of hypothesizing, empirically testing and establishing the empirical link between technological adoption and financial performance, an area that remained unexplored by past studies particularly in the context of sugar sector in Kenya.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This Chapter provides a summary of the study findings based on each research objective. It also covers conclusions and recommendations emanating from the results.

5.1 Summary of findings

The first objective of the study was to establish the effect of PBR on financial performance of Sony Sugar Company. The corresponding null hypothesis was that BPR does not significantly influence financial performance at Sony Sugar Company. The study finding revealed that BPR has a significant positive influence on financial performance at Sony Sugar Company.

The second objective of the study was to determine the effect of Organizational culture on financial performance of Sony Sugar Company. The corresponding null hypothesis was that organization culture does not significantly influence financial performance at Sony sugar Company. The study finding revealed that organizational culture was found to have significant positive influence on financial performance at Sony Sugar Company.

The third objective of the study was to analyze the effect of technology adoption on financial performance. The corresponding null hypothesis was that technology adoption does not significantly influence financial performance at Sony Sugar Company. The study finding reveals that technology adoption exert significant positive influence on financial performance at Sony Sugar Company.

5.2 Conclusions

On the first objective which sought to establish the effect of BPR on financial performance at Sony sugar Company, the study concludes that BPR is a critical antecedent of financial performance of an organization.

On the second objective of the study which sought to examine the effect of organizational culture on financial performance at Sony Sugar Company, the study concludes that

organizational culture has significant positive influence on financial performance at Sony Sugar Company. Therefore, it is a critical determinant of financial performance of an organization.

On the third objective of the study which was to analyze the effect of technology adoption on financial performance, the study concludes that there is a statistically significant positive relationship between technology adoption and financial performance at Sony Sugar Company.

5.3 Recommendation

Based on the foregoing findings and conclusions, the study therefore recommends the following. First of all, since a significant positive relationship exists between BPR and financial performance, the manager within the sugar sector should lay more emphasis on the implementation of BPR practices to a greater extent in their organizations as it was found to positively influence financial performance. Specifically, the management at Sony sugar should ensure that they put in place turn-around time frame, accuracy of process instruction, speedy product development, and defect rate detection among other BPR practices. Currently though, BPR practices at Sony sugar Company are being implemented only to a moderate extent.

Secondly, because organizational culture exerts the positive significant effect on financial performance, management of Sugar Company's in Kenya should focus their efforts and resources on improving the following elements of organizational culture such as organization values. They should also strive to create a conducive and enabling organization climate and adopt a supportive Leadership styles as well as work processes and systems that will facilitate goal achievement.

Thirdly, since the study revealed that Technology adoption has a positive and significant influence on financial performance, it is recommended that management of Sony Sugar Company as well as other sugar companies should intensify the effort in terms of ensuring automation of business transactions, avoiding Lead time wastages, monitoring variance (budget versus actual) and putting in place efficient and effective data management systems as these efforts were seen to influence financial performance of the business.

5.4 Limitations of the study

While this research offers insights into how various change management practices influence financial performance at Sony Sugar Company, this work is not without limitations. Specifically, the sample size was limited due to time and cost constraints but this weakness was remedied by thorough literature review to compensate the inadequacy that was caused by data limitations.

5.4 Areas for Further Research

Based on the foregoing conclusions on the findings of this study, the researcher suggested the following future research directions in the field of change management practices and organizational performance.

First, this study used cross-sectional data to test the hypothesis on the perceived relationship between the change management practices and financial performance. It only provided a snapshot picture at a single point in time. Therefore, there is need to conduct a longitudinal study to provide even more conclusive evidence to the above relationship.

Secondly, Future research efforts could also be focused on this study by further investigating the moderating effects of the external environmental factors such as government policy, effects of business environment like economic forces, political factors etc. in the hypothesised relationship.

Finally, the hypotheses in the current study were tested using data obtained from employees in Sony Sugar Company. There is therefore need to test our results in different national cultures and economic contexts to be able to establish global generalizability of the findings.

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APPENDICES

APPENDIX I: INTRODUCTORY LETTER

Nyabala Kennedy

C/O Department of Business Administration

School of Business and Economics

Maseno University

Date: _____

TO WHOM IT MAY CONCERN

Dear Sir/Madam

ACADEMIC RESEARCH

I am a student at Maseno University pursuing Master in Business Administration, Strategic Management. As part of the requirements, I am carrying out this research entitled, “Effect of Change Management on Financial Performance of South Nyanza Sugar Company Limited.” Please assist to answer the questions provided in a questionnaire. Your Identity is not required and the information you provide will be treated in strict confidence.

I remain grateful.

Yours Sincerely,

Nyabala Kennedy

RESEARCH SUPERVISOR

Dr. Ntongai Samson

2. Organizational culture

Below are several statements expressing the effects of organizational culture on firm's Financial performance. Kindly indicate the extent to which each of these effects has been reflected in your company. Use the scales of 1-5 where **1**- no extent, **2**= little extent, **3**= moderate extent, **4**= great extent and **5**= very great extent.

Organizational Culture.	1	2	3	4	5
There is a greater level of team work among employees over the years.					
Hierarchy structure of management within the organisation is clearly defined					
There is greater accountability for end results within the organization					
Organizations climate has created stability in sony sugar amid environmental turbulence.					
The Organization is characterized by high performance, visibility and outreach in its catchment areas.					

4. Technological adoption

To what extent has the company experienced improvement in financial performance in relation to how the company has used technology adoption.

Where, **1**= Very low **2**= Low **3**= Moderate **4**= High **5**= Very high.

Technological Adoption	1	2	3	4	5
Our company has automated most business transactions and work flows i.e. online orders, sales and payments					
There has been extensive acquisition and use of					

Technology adoption in our company.					
Use of Technology has helped Sony Sugar monitor variances (budget versus actual) in real time basis.					
Reduced lead time and wastages are as results of technology adoption in our company.					
Use of Technology data management systems has made the decision making process faster for our company.					

5. Financial performance

To what extent do you agree with the following statements in relation to financial performance of the company in the following areas:

Where, **1= Strongly disagree 2= Disagree 3= Neither agree nor Disagree 4= Agree 5= Highly agree**

Company performance	1	2	3	4	5
Profitability levels of the company over the last few years is favorable and depict potential future growth					
The sales revenue for the last few years are impressive at our company.					
Return on investment has been favorable over the years.					
The company has reported an increase in Asset turnover over the years					
Operating cashflows of the company has been growing continually over the years					

Thank you very much for your time and contribution

Appendix III BUDGET

<u>ITEM</u>	<u>KSHS</u>
Stationery	6,000
Literature Review and proposal development	8,000
Data collection	10,000
Data analysis	20,000
Secretarial costs	10,000
<u>TOTAL COSTS</u>	<u>54,000</u>