Influence of Change Strategies on Performance of Cement Manufacturing Companies in Kenya

Simiyu Donah Sheila[1], Maina James Rugami[2]

[1]*Correspondent Author, School of Business, Kenyatta University*

[2]*Lecturer, Department of Business Administration, School of business, Kenyatta University.*

ABSTRACT

Cement manufacturing companies in Kenya are experiencing intense competition and diverse changes. The competition has been brought about by new entrants into the market, resulting in shifts in market shares. The operating costs in the industry have also increased, prompting companies to look for measures that will result in reduced operating costs and increased profits. Demand has also been shifted to small projects and individual household consumption. Needs of the users have also changed with users now seeking for blocks, tiles, precast, among others. Environmental conservation bodies have also put pressure in the industry to regulate their emissions and conserve the environment. These factors have pushed companies to make strategic changes that will ensure that they remain competitive. These strategic changes touch on costs, customers, employees and products. However, while strategic changes are expected to increase the performance of companies, not all strategic changes will do so. This study therefore sought to determine how the strategic changes strategies affect the performance of cement manufacturing industries in Kenya. The strategic changes focused on include cost optimization, customer focus and product diversification. The objectives of the study were to investigate the effects of customer focus on performance, to find out how cost optimization has influenced performance and to determine the influence of product diversification to performance of cement manufacturing company. The study was guided by change management theories including ADKAR model, Kurt Lewin's model and Kotter's model. To achieve the set objectives, respondents from management, supervisory and union levels were selected from the employees from cement manufacturing companies in Kenya. Stratified sampling was used to obtain the sample size by dividing the target population into managers, supervisors and shop floor or unionized employees. Respondents were randomly picked out of each stratum. Data was collected from the respondents by use of questionnaires. The findings showed that cost optimization had a negative impact on the operations and employees of a company but has a positive impact on the profits gained by companies. It was also found to have the least impact on performance. Customer focus and product diversification were found to have a positive impact on how the company performs with a high level of significance on performance. The conclusion of this research is that in this changing environment, cement manufacturing companies should adopt product and market diversification and focus more on customers' needs, expectations and complaints. They should also optimize their costs but at the same time, pay attention to employees and operations as these two can be negatively affected by the change strategy. This research is useful to cement companies and investors in decision and policy making during change processes and to scholars in contributing to new knowledge and provide areas for research on change strategies with performance. This study can be further be expanded to include other manufacturing sectors.

Key words: *Change Strategies, Performance, Cost Optimization, Customer Focus, Product Diversification.*

1. INTRODUCTION

Businesses around the world are faced with vast changes. New technologies are being developed, resulting in new products and new ways of doing things. Globalization has come in, consumer needs, markets and employees are constantly changing and competing organizations are on the increase too. The cement manufacturing sector, for instance, has seen changes such as plant automations, new plant configurations and new engineering techniques and designs, new entrants to the market, increased demand, need to for new concrete products, among others (Molonket, Ombuki & Wawire, 2014). All these dynamics have prompted cement manufacturers to adopt change strategies that will enable them to remain competitive. However, adopting strategic change into any organization requires application of the best technique and management to ensure that any changes introduced will benefit the organization in the long run. Study of change strategies, change management and how strategic change influences organization performance is therefore important.

Change management is the process of defining the smooth implementation of change by planning and introducing it systematically while taking into account the likelihood of it being resisted (Keller, 2009). Strategic change is where organizations maintain co-alignment with the external environment (Rajagopalan & Spreitzer, 1997) such as shifting competitive, technological and social environments which mostly pose threats to the continuous survival of the business. Strategic change is long term and affects the whole organization. Change can involve technology, structure, culture and people. For organizations to be successful in the long run, they have to strive for organizational fitness, which is the organization's ability to adapt and survive in the ever-changing business environment (Kelly, 2015). Strategic changes that have taken place in organizations include cost optimization, product diversification and customer focus (Porter, 2008). Cost Optimization has been key in Kenyan cement companies due to the stiff competition and high expenses. The major challenges that impact directly on cost have been high energy costs as the machines consume a lot of electricity and the supply is not guaranteed hence companies have to use alternative supplies. The distribution costs have also been high coupled with poor roads and accidents on the roads. Old technology in many cement plants means more maintenance has to be done. This translates to more downtime and high labor costs. High costs lead to high product products will eventually reduce sales.

The Ansoff Matrix (Ansoff, 1965) has been used in business to help in growth through existing or new products and markets. It is also referred to as product-market matrix. Product is the value offering of organizations and includes product development and diversification. Product is limited in time as its relevance as it reduces with time; and transferability in various market conditions. Market refers to market options which include existing markets and new ones. Studies have recommended that organizations should diversify around their core business which helps to reduce risk as they already have competitive advantage. However, we see a case of Kodak, a film making company which ventured into pharmaceuticals and Coca cola, a soft drinks company which ventured into wines, which are alcoholic products (Oyekunle, Olukemi & Cattell, 2013). Creation of the iPod by Apple enabled the company to make Macintosh computers more central to the loves of consumers. They could now connect their photos and media to their computers thereby making the iPod a great success. However, it is important to note that not all companies that venture into other products succeed. In Africa, Mr. Price clothing store started off as a fashion store, but later ventured into sporting apparel which saw it gain great success. Woolworths stores which initially focused on clothing and homeware now also sells food items and groceries. (Olivier & Root, 2014).

In Kenya, product differentiation has been seen to have a positive effect on organizational competitiveness. This is in addition to product modification and product innovation which were seen to improve quality and save costs (Maingi & Gitonga, 2017). An example is Safaricom which started off as a communications company but is now involved in money transactions. Uber, which started off as a people transport business has ventured into food, product and parcel delivery in Kenya. Diversification has also been seen in the Kenyan Banking, power and water companies which have now adopted agency business through authorized agents to increase accessibility if its services. Product diversification has been seen in cement industries where in addition to cement manufacture, there is also manufacture of cement products such as ready mix, aggregates and special cement products such as pacing blocks. Diversification has therefore been seen to attract more customers hence increasing sales in companies.

Customer focus allows the company to serve customers faster, know their needs and meeting them, enabling faster access to products (Carroll, 2004). With the rise in cement manufacturing companies, customers have many options to choose from. Companies aiming to retain their customers and attract more have had to reach out to customers with solutions, easy access to products, and better quality of products, reward programs and faster resolution of customer complaints in order to retain and attract customers. In the global scene, Walmart has shown another way of focusing on customers by selling products that sustain people and the environment. Amazon has been known to develop products based more on customer desires than the opinions of the team. The company also trains its call center managers and field calls. Hewlett-Packard have invested in call center operations by increasing their numbers and using Interactive Voice Response to provide expedited answers to customer questions (Spicer & Hyatt, 2017). These practices have helped the companies to increase their customer satisfaction scores. Companies have also adopted one-stop shops which bring different functions of organizations under one roof (Paradise & Schwartz, 2011).

In Africa, Capitec Bank has grown to become one of the best banks in South Africa. Their success factors include long operating hours, going cashless which makes it safer for customers, and using verifications such as biometrics for access for all transactions. Al Hilal Bank in Abu Dhabi is known for its customer focus. The bank provided a financial mall which has ATMs with intelligent deposit capability, areas for different customer segments and other financial services that are based on Islamic principles (Emfa, 2010). Customer loyalty programs have become common in companies such as Woolworths, H&M, Jet stores, among others, where customers are rewarded for their purchases or loyalty thereby making them more customer-centric. These companies have also taken to use of social media to easily connect with customers and quickly capturing their needs.

In Kenya, the Kenya Revenue Authority has demonstrated more focus on customers by improving service accessibility through service centers and technology platforms, reforming staff attitude and effective service facilitation (Kenya Revenue Authority, 2015). In the banking sector, customer focus has become very important with banks putting emphasis on the quality of customer service and creating customer focused products. Banks have adopted technology in transacting its business through the use of the internet and mobile devices hence bringing services closer to customers. Third party agents have also been used to enable access to banks services in many areas. Information systems have also been set up in Equity bank to get information from customers thereby addressing their needs. In Kenya, cement history started in the early 1930s when in 1933, East Africa Portland Cement (EAPC) began as a trading company importing cement. Blue Circle

Industries of United Kingdom formed the company. EAPC controls 24% of the cement market share. The plant's initial capacity was 60,000 tonnes a year, but presently it stands 1.3 million tonnes with a market capitalization of 4.7 billion shillings (www.eastafricanportland.com). Founded in 1951, Bamburi Cement Ltd was a Lafarge owned company but is currently owned by LafargeHolcim. At inception the annual capacity was 140,000 tonnes of cement but at present it stands at 2.1 million tonnes a year and a market capitalization of 66 billion shilling. Bamburi Cement is the largest market share holder taking up 39% of the cement market (www.bamburicement.com). Athi River Mining (ARM Kenya) was established in 1974 and its principle shareholder is the Paunrama family. Initially it was a mineral extraction and processing company and later in 1996, the cement division began operation. It is the third largest producer controlling 15.5% of the cement market. The company produces more cement than any of its rivals in the regions – 2.6 million tonnes annually with a market capitalization is 50 billion (www.armkenya.com). Mombasa cement was founded on 2007. It is the fourth largest cement producing companies in Kenya with a market share of 20%. It has an annual capacity on 1.6 million tones. National Cement is the producer of the Simba cement. It was founded in 2008 by the Deevki Group of Companies in Athi River. It controls 7% of the Kenyan Cement market. Savannah cement is a cement company based in Athi River. Its main stakeholders are a Chinese investor, Wan Ho (40%) and Savannah Heights (40%). It is associated with the Savannah brand. It was commissioned in July 2012 and has an annual capacity of 1.5 million tonnes.

The cement industry is capital intensive and only a few cement companies' use state of the art facilities. Cement manufacturing is energy intensive and modern cement plants are highly automated. Cement firms operate in markets closely linked to the economic cycle with a back-forward linkage with many other sectors like energy and transport. The industry is very competitive with new entrants making competition stiffer. Change strategies have been adopted by cement manufacturing companies to make them more competitive. The industry plans to increase productions capacity due to current and future high demand of cement. Firms are also seeking cost reduction option for power, raw material, and logistics. Companies are targeting regional markets like Sudan, Rwanda and Burundi. Effort is in place towards product diversification and target value added and application specific products. Firms in the industry are more conscious to quality as seen in their effort to acquire certification of manufacturing activities. Generally, there is concern over security of raw materials and other resources (WBCSD, 2002). The cement industry is important as it plays a forward and backward linkage with other economic sectors hence playing a critical role as an indicator to the general economic conditions. It's a key contributor of revenue to the government and supports other key sectors like energy. There has been a growth in the production of cement in the recent past due to increased consumption with 2014 recording 15.8% growth and 11.5% in 2015. The cement manufacturing industry is a fast growing and competitive industry in Kenya and the wider Eastern Africa. The entrance of two more manufacturing companies in 2008 and 2010 brought about a decrease in the price of cement while also making it more accessible to the customers (Were, 2011). The new players in the market are offering great competition in the market. The market share is competitive with the entrance of the new players. It is hence necessary to make changes in the organization in order to cope with the changes. These changes go a long way in ensuring that each company keeps its market share and acquires more, adapting new technologies, changing organizational structures, introducing new ways of working among other ways.

2. STATEMENT OF PROBLEM

Looking at the competitive world now, it is apparent that profitability is not the only factor that can keep the company sustained in the face of more competition. Other factors hence have to be considered when change is implemented. Hiatt (2006) indicated that change has to shift focus from profitability to issues like growth, sustainability, learning and knowledge, among others. Cement manufacturing companies in Kenya operate in a very competitive environment. In 2008, the country had only 3 cement manufactures with the dominant player at the time having an estimated market share of 65%. With new competition, the market share of the dominant player dropped to 32.6% by 2017. The shift in market share has been caused by factors such as high operational costs, poor cooperate governance, political instability, poor marketing, poor market penetration, price stagnation and high demand (Molonket, 2014). The Economic survey (2015) gives that infrastructure projects in Kenya have increased thereby increasing demand of cement. However, some cement companies are yet to report profits, with the net profit for cement firms in Kenya were at a low of 11% in 2014. While these changes happen in the external environment, the internal environment brings out issues such as organization, leadership, employee management and balancing of expenditure and investment. It became apparent that for companies to remain competitive, they have to make changes which are strategic and which will impact the performance of the company. Companies have looked into various options to stay in improve their performance. These include the need to reduce costs, adoption of new technologies, formation of strategic alliances, product diversification, introduction of new working ways and change in organizational structures.

Studies have been carried out on strategic change and performance of manufacturing companies in Kenya. A study on strategic responses to environmental challenges focused on three companies; Bamburi cement, East African Portland and Athi River Mining (Njeru, 2007). The study revealed that the companies adopted strategic responses such as diversification, outsourcing of non-core services, marketing, controlling plant and equipment expenditure and restructuring. Mohammed (2014) studied competitive strategies adopted by East African Portland Cement. In his case study research, he established that the company adopted strategies such as product and price differentiation, cost leadership and focus strategy in order to remain competitive. The company was able to establish barriers by building customer loyalty through offering quality cement and cement products, advertisements and proper and fair marketing techniques. Molonket (2014) studied the effects of competition on the profitability of cement companies operating in Nairobi Kenya. The research revealed that companies have resorted to innovative switching barriers for customers to retain customers and maintain profits, improving technology in managing customers and segmentation so as to target particular customers and meet their specific needs to increases profitability. In other studies on the manufacturing sectors, East African Breweries Limited has been seen to adopt competitive strategies such as cost leadership, differentiation and focus on management to improve performance. Premier foods industries have adopted product differentiation, product modification and product innovation (Maingi & Gitonga, 2017).

The above studies brought out the strategies that have been adopted by manufacturing companies. However, there has been no research that has focused on cement companies in various parts of Kenya, the strategic changes that the companies have taken in the face of rising competition and how these changes have influenced performance. This research filled that gap by determining how change strategies influence performance of cement manufacturing firms.

3. RESEARCH OBJECTIVES

The general objective of this study was to establish the influence of change strategies on performance of cement manufacturing companies.

The specific objectives of this research were:

i. To determine the influence of customer focus on performance of cement manufacturing companies in Kenya.
ii. To identify the effects of cost optimization on the performance of cement manufacturing companies.
iii. To examine the influence of product diversification on performance of cement manufacturing companies in Kenya.
iv. To determine the influence of external factors (politics and government regulations) on the performance of cement manufacturing companies in Kenya.

4. THEORETICAL FOUNDATION

There are theories that have been set forth to explain the concept of change management. These theories include:

4.1 The ADKAR Model

In his book titled ADKAR, Hiatt (2006) pointed out the ideal steps to use when introducing change in an organization. He says that first there is need to create awareness on why the change is happening, Step two is the desire to support the change. Step three is ensuring that the employees have the knowledge, skills, behaviors and understanding on how to change. Next is to ensure that the employees have the ability to implement the new skills and to take care of any barriers that may inhibit the implementation of the change. Reinforcement is the last step. This change model focuses on the internal environment of an organization. The internal environment affects the outcome of any change strategy and how the change strategy is implemented affects the company's performance. This makes the ADKAR model important in this study.

These ADKAR elements have to be established in order. Awareness has to be created first. This involves creating an understanding for the need for change and determining what will happen if the change does not occur. One of the factors that will ensure that changes are made is building relationship and trust. This will reduce the chances of people being barriers to the change process. The next step is to create desire. Creating the desire to support and take part in the change depends on the nature of the change and the credibility of the person leading the change. Effective leading and influencing can go a long way to help the people to choose to follow the desired change. Apple was successful in creating desire in its customers. The company created a desire in people to have an iPod such that even those that were not technology people felt the need to purchase the device (Calder, 2013). After the people have developed a desire for the change, knowledge has to be imparted to them. Management should give knowledge so that people can understand how to change and take responsibility. This can be done through training and coaching (Spicer & Hyatt, 2017). The employees should then be given the ability to handle the change process. Management should provide the skills to implement the change on a day-to-day basis, involvement, provide effective performance monitoring and training. After these stages, the change process has already begun and needs to be sustained. This is where reinforcement comes in. It focuses on the mechanisms to keep the change in place, rewards, incentives and successes to ensure that the change is sustained. These ADKAR elements have to be established in order. When an element early in the model is weak, then the change begins to break down. The weak point has to be addressed because it forms a barrier. Management should create the ability and environment to

sustain the change and keep it going (Hiatt, 2006). It is also important to note that change takes time. Avnet applied the ADKAR model to its business and attributed the success of the business to the change model. They moved from phase to phase, taking time to focus on employees and customers (Nduati & Kavale, 2015). The change process took them years to fully implement. The company was able to move from a products distribution company to one that provides solutions. Their project success grew and so did their return on investment.

From Hiatt's work, we can then learn that for strategic change to yield strategic performance there is need to have a learning tool for teaching change management; analyzing case studies of successful and failed changes. A tool for change management teams is needed to assess the readiness of their change management plans and guide their activities. This will help in making the change successful. A coaching tool is also necessary. This will be used by managers and supervisors to use during the change process. The employees need to be equipped with knowledge so as to handle the change process. An assessment tool for diagnosing change underway and identifying potential barrier points to change is critical (Hiatt, 2006). What can be noted from the ADKAR model is that it is more focused on the employees' capabilities to support the change, but it does not cover organizational aspects in the change process (Raftery, 2009). Strategic performance is realized when two goals are achieved. First, the business must realize the full implementation of the change so that the business objectives are met. Second, the organization must migrate through each element of the ADKAR model so that the individuals are able to implement the change and the reinforcements are in place to sustain the change. Failure to achieve either goal can result in partial successful or failed strategic performance.

4.2 Kurt Lewin's Three Phase Theory

This model has been used for understanding the basic concepts of a strategic management model. It has been used by organizations to identify the change strategies that can be implemented at different stages in company development. British Airways used this change model to improve its performance (Goodstein, & Burke, 1991). Various change strategies were implemented to the company depending on the phase that the company was in. The way the change strategies were implemented influenced the eventual positive performance of the company. This makes it important for this study to delve deeper into how the model works. The change model has three phases. The first phase is the unfreezing phase. For Lewis, human behavior was based on a quasi-stationary equilibrium supported by a complex field of forces. Before old behavior can be discarded and new behavior successfully adopted, the equilibrium needs to be destabilized. This is the unfreezing. This phase involves reducing the forces that are striving to maintain the status quo and dismantling the current mindset. The need and importance of the new change has to be emphasized. Poor outcomes can be used as reference to the prior status quo. At this stage, there are different problems that come up (Lewin, 1947) and an emotional stir up can occur, but the stage is necessary to break open the shells. Regular and frequent communication has to be maintained. Employees should be free to discuss their concerns and management should address all the concerns as they arise so as to eliminate fears (Sarayreh, Khudair & Barakat, 2013).

The second phase is the transition phase. This is also called the moving or changing phase. It involves making the appropriate changes by developing new behaviors, values and attitudes; process structures and processes. Unfreezing is not an end in itself; it "…creates motivation to learn but does not necessarily control or predict the direction" (Lewin, 1947). It takes into account all the forces at work, identify and evaluate, iteratively, the available options (Schein, 1996). The last phase is the re-freezing phase. This involves reinforcing the learnt new behaviors that are to

become the new ways of doing things. In reinforcing the change, management can recognize and celebrate each success, use force field analysis to identify and eliminate barriers to change, establish a performance and reward system for monitoring the change, maintaining regular meetings with employees and train personnel where necessary. The new behavior must be to some degree, congruent with the rest of the behavior, personality and environment of the employees; otherwise it will lead to a new round of disconfirmation (Lewin, 1947). Lewis did not see organizations as rigid or fixed but instead believed that 'Change and constancy are relative concepts; group life is never without change, merely differences in the amount and the type of change exist (Klee, 2002).

Kurt Lwein's model was applied to British Airways making it a success story (Goodstein, & Burke, 1991). British Airways was converted from government ownership to private ownership. Unfreezing was first done by massively reducing the workload from 59,000 to 37,000. The reduction was done compassionately and no one was laid off. Instead, early retirements with financial settlements were the solution. Within a year after this reduction, the company's key performance indices improved. The company's top management was also changed by bringing in a Chief Operating Officer who had a different background from his predecessors. Training programs were introduced into the company to support the change process. Customers were put first with direct customer contact being at the forefront. The transition phase was implemented by carrying out trainings for senior and middle managers. Programs such as "Managing People First" and "Leading the Service Business" which involved individual feedback to each trainee. The training aimed at developing the new management style and encourage employee commitment. Task forces were also developed with individuals form different functions and responsibilities, management information systems were used and staffing patterns changed. A less centralized fidgeting approach was also adopted and financial bonuses were awarded to employees. Issues during the change process were dealt with by peer support groups, team building meetings, open communication and team work. In all these changes, top management was fully involved. Finally, refreezing top management continued to be involved. Promotions were given to employees that performed well. Training continued for employees, with open-learning programs and orientation for new staff being done. Appraisal system was introduced to emphasize on customer service and subordinate development. Continuous data feedback on management practices was also maintained.

4.3 John Kotter's 8-Step Change Management Guide

John Kotter, a professor at Harvard School of business and a renowned change expert talked of eight steps as guidelines to managing change (Kotter & Cohen 2002). He presented the change model after studying change management in more than 100 organizations The eight steps are creating a sense of urgency where the whole company clearly wants the change, formation of a powerful coalition that will drive the change, creating a vision for change to help everyone to understand why the management as pushing for the change; communicating the vision and strategies that teach new behaviors with the example of a guiding coalition; removing obstacles to change; changing systems and structures that seriously undermine the vision and encourage risk taking and non-transactional ideas, activities and actions; creating short term wins where there is recognition and reward of employees that are involved in and promote the change; building on the change where the company consolidates improvements and produce still more change. The principle of continuous improvement should always be applied. Lastly, the organization has to institutionalize new approaches to make any changes stick (Klee, 2002).

In their research, Sarayreh, Khudair & Barakat (2013), indicated that the problem with the stages proposed by Kotter is changing people's behavior, not strategy, not systems, not culture. These elements are important but the core issue remains behavior – what people do and that is how they need to be changed significantly. The cement industry has been experiencing a lot of structural and market changes. The forces that are driving the industry towards change include customer needs. Demand for specialty in cement that meets specific customer needs has been increasing. The managing Director, Bamburi Cement stated (Annual Report and Financial Statement, 2014) that the company had to introduce a new product which met the Chinese standards for constructing the Standard gauge railway required special cement. The product was PowerCrete CEM I 52.5. This is a product that had not been manufactured before and that requires changes in the way of work of Bamburi Cement. The product is currently being used in major infrastructure projects. Increased emphasis on the life cycle costs and reliability of structures can increase the demand for high performance and high strengths cement.

Emerging economies also push for change (Peng, Wang & Jiang, 2008). Population in the developing nations is growing rapidly. This trend, combined with emerging affluence, represents a business opportunity for the private sector. There are many environmental issues that are associated with cement manufacturing. These include dust, noise, land use impacts, air and water quality. There are some toxic chemicals that are associated with the fuels used in cement kilns and the health effects of adding waste delivered materials to cement. A major concern for cement industries is that they contribute about 3 percent of global greenhouse gas emissions. There is therefore need to ensure operations do not affect the environment and the stakeholders are not affected negatively (Klee, 2002). Klee points out that regulatory policies also push for change. This is where government policies and regulations are placing increasing restrictions on industrial emissions. Carbon management policies are being adopted by governments. This is all putting pressure on cement firms to put more focus on conserving the environment. Innovation in products, processes and management is becoming the main way of survival. Researchers are discovering new technologies, products and processes for the manufacture and use of cement and competing construction materials (Klee, 2002). This is hence pushing most companies to change so as to stay in the market. (Carroll, 2004) indicates that stakeholders are increasingly expressing their views and taking political action. They are putting increasing pressure on the cement industry to take sustainable development into account in business strategy, product development, and plant management. They can oppose a move by the company or push for a certain move. These pressures have led to many governments world-wide to place regulatory restrictions and policies.

5. CONCEPTUAL FRAMEWORK

A conceptual framework gives the variables to be used in the research and the relation between the variables. A variable is a measurable characteristic, which assumes different values among the subjects. The dependent variable was the aspect under research. In this case, the variable was strategic performance in cement manufacturing companies. The independent variables were the factors contributing to the problem. The independent variables in this case were cost optimization, customer focus and product diversification. The conceptual framework is hence as shown in figure 1:

Independent variables **Dependent variable**

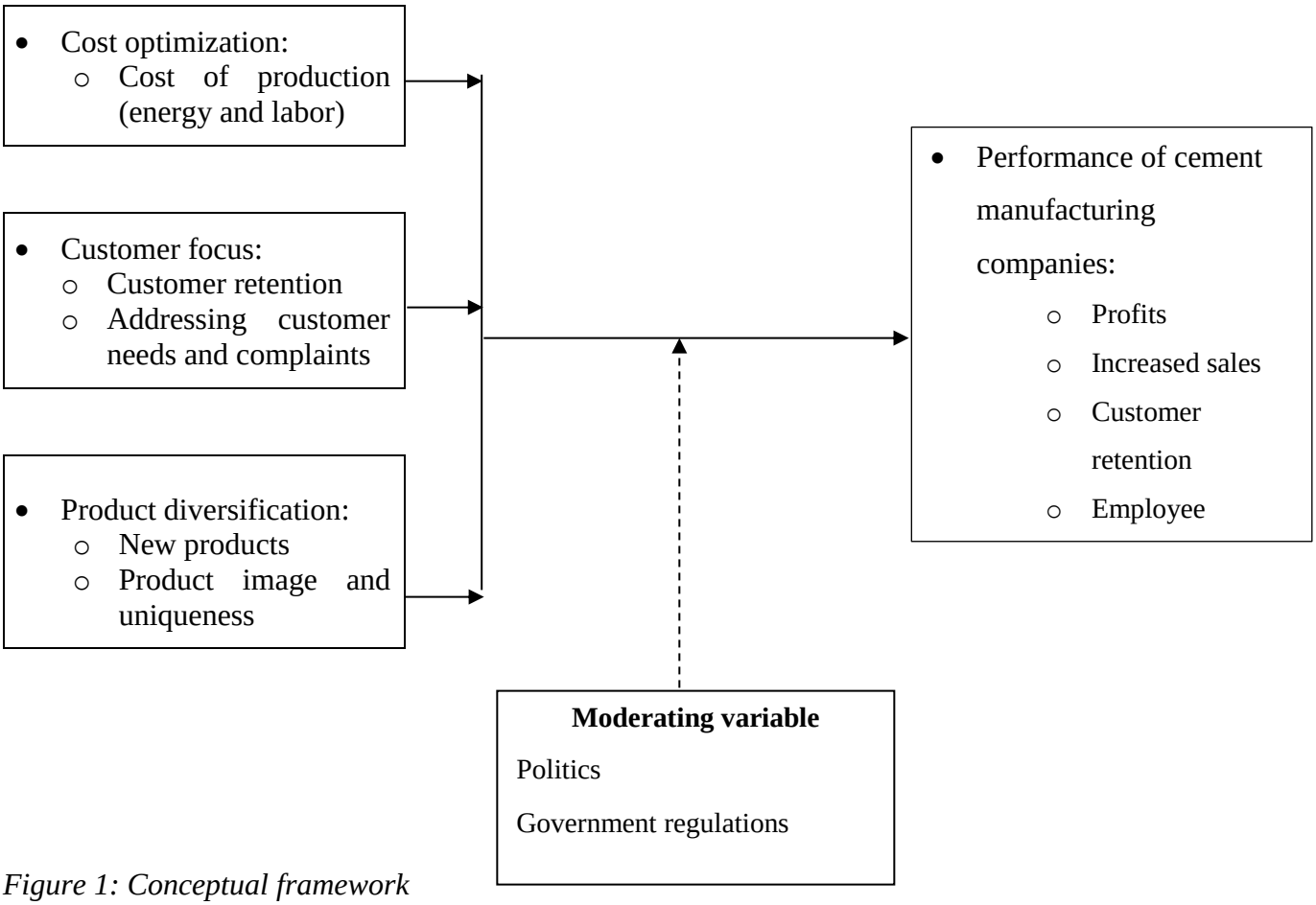

Figure 1: Conceptual framework

6. RESEARCH METHODOLOGY

Descriptive research was hence appropriate for this study as it enables the researcher to look into the strategies and implementation of change. The target population for this study was therefore permanent employees from the cement manufacturing companies in Kenya. The companies had an estimated population of 1,138 permanent employees. This population was broken down into management employees, supervisors and shop floor employees whose numbers were 150, 182 and 806 respectively. The reason for this division was because the working experiences and conditions differ, and as such, it was important to get feedback from each group for a clear picture. Stratified random sampling was used based on the employees in the plant. Stratification was applied in this study in order to achieve desired representation from the various sub-groups in the population. To create a stratified random sample, there are seven steps namely; defining the population, choosing the relevant stratifications, listing the population, listing the population according to the chosen stratification, choosing your sample size, calculating a proportionate stratification and using a simple random or systematic sample to select your sample (Lund, 2012). To establish the sample size, a confidence interval of +/-10% was assumed. To ensure that the sample size was large enough, a 95% confidence interval, a Z-score of 1.96, a standard deviation of 0.5 and a margin of error of 0.1 are assumed. The formula used to establish the sample size was:

$$Sample\ size = \frac{(Zscore)^2 \times StdDev \times (1 - StdDev)}{(margin\ of\ error)^2}$$

For the equation, the sample size calculated was obtained as 96. Using the sample size, the overall population and the size of each strata, the number of people in each category was obtained. A sample size of 96 was selected from the target population. The research instruments employed in this research were using semi-structured questionnaires and interviews. The questionnaires were divided into 2 parts. Part A collected general information including age, sex, duration of employment and category of employment. Part B collected information on the research objectives, that is, the change strategies which included cost optimization, customer focus and product diversification. Likert scales were used to collect the information. To get any additional information, one open-ended question was included for each change strategy. The open-ended questions were therefore fewer than the close-ended one. After the feedback was obtained, the researcher went through it to determine whether all the questions were answered well. In cases where the response was not complete, phone call interviews were used to get more information from the respondents. Interviews were also used for employees who were unable to physically fill in the questionnaires. Data from the first part of the questionnaire was bio-data and was best presented by using tables, charts and graphs. The data was then entered into the Statistical Package for Social Scientists (SPSS). The package was used by the researcher to obtain measures of central frequency such as mean, median, mode and interquartile range (IQR); measures of association and measures of dispersion. These were obtained for each of the change strategies, that is, cost optimization, customer focus and product diversification. Descriptive statistics was then used to describe the influence of change strategies on the performance of cement manufacturing companies. A multi-variate regression model was applied to determine the relative importance of each change strategy with respect to the performance of cement manufacturing industries.

7. DATA ANALYSIS RESULTS

The influence of change strategies (cost optimization, customer focus and product diversification) on the performance of cement manufacturing companies was established through the following hypothesis: *Change strategies have a positive effect on performance of cement manufacturing companies.* The hypothesis was tested by using a multiple linear regression model. The general regression model was given by: $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$

In the equation, there are three independent variables; X_1, X_2 and X_3; and one dependent variable Y. Using the data collected in tables 4.3, 4.4 and 4.5, the three independent variables in this study are: X_1 = Cost optimization; X_2 = Customer focus; X_3 = Product diversification; and Y is the performance of cement manufacturing companies in Kenya. β_0 is a constant term, $\beta_1, \beta_2, \beta_3$ are beta coefficients. SPSS was used to carry out the analysis using a 5% level of significance and 95% level of confidence. The coefficients obtained from the analysis are as given in table 1.

Table 1: Multiple Regression Analysis results

	Unstandardized Coefficients		**Standardized Coefficients**		
	β	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	11.132	0.332		2.311	0.023
Cost optimization	0.231	0. 65	0.002	1.532	0.081

Customer focus	0.321	0.332	0.076	1.256	0.022
Product diversification.	0.553	0.273	0.063	1.599	0.053

Incorporating the values of the Beta values into equation 1, we obtain: $Y = 11.132 + 0.231X_1 + 0.321X_2 + 0.553X_3 + \varepsilon$. In regression analysis, the t and Sig (p) values give a rough indication of the impact of each predictor variable – a big absolute t value and small p-value suggests that a predictor variable is having a large impact on the criterion variable. At 5% level of significance and 95% level of confidence, the beta levels of cost optimization, customer focus and product diversification are 0.231, 0.321 and 0.553 respectively. This means that more efforts on customer focus and product diversification have a positive influence on performance of cement producing companies in Kenya. Cost optimization though is seen to have the least impact on performance. Cost optimization has a 0.081 level of significance, customer focus had a 0.022 level of significance and product diversification had a 0.053 level of significance. This indicates that the relationship between performance and customer focus is statistically significant because its p-value is less than 0.05. On the other hand, cost optimization and product diversification are not statistically significant.

8. CONCLUSIONS

A study has been conducted on the influences of change strategies on the strategic performance of cement manufacturing companies in Kenya. The change strategies focused on in this study included customer focus, cost optimization and product diversification. Indicators were set for each change strategy to determine whether what the data collected showed about the change strategies. To achieve the set research objectives, questionnaires were used to collect data from employees in the companies. The results of the research showed that optimization of costs was a negative measure on performance in Kenyan cement companies, more so to employees and operations as it did not reduce machine breakdown, did not increase quality of products, sales and employee satisfaction. It was however positive as it contributed to increase profits in the companies. The study also showed that measures to focus on customers by paying attention to their complaints, meeting their needs and availing products to rural areas increased their satisfaction and their number. It also increased the number of products they purchased and consequently the sales and profits increased. This then translated to better performance in Kenyan cement companies.

Measures to diversify products resulted in increased demand for products thereby increasing sales. This change strategy was evaluated by increased demand and sales, which were well achieved. It was measured by new products and increased product image and uniqueness. Product diversification therefore had a positive influence on the performance of cement companies. The results obtained therefore showed that cost optimization has a negative influence on the companies, while customer focus and product diversification have a positive impact on cement manufacturing companies in Kenya. The companies can therefore set and implement customer focus, product and market diversification due to their positive influence. They should also adopt cost optimization, as their profits will increase; but at the same time, pay attention to employees and manufacturing operations as these can be negatively impacted by the change strategy. The objective of the research was therefore achieved making the research a success.

9. RECOMMENDATIONS

The findings from this study show that customer focus and product diversification both have a positive impact on the performance of cement manufacturing companies in Kenya. Cost optimization was found to have a positive impact on the financial performance of the company, but negatively affected the employees. This study concludes that cement manufacturing companies will be gain competitive advantage when they implement measures to diversify products and to pay more attention to customer needs and complaints. The companies will improve their financial performance when cost optimization strategies are implemented but may suffer negatively when employees are not well considered as the strategies are implemented. The study therefore recommends that in the wake of rising costs of operation and the need to reduce operation costs, cement manufacturing companies should implement cost optimization measures. However, as these changes are implemented, the ADKAR change model should be used to manage the change. The model is best suited to help organizations deal with internal factors during the change process. Companies should also pay attention to the quality of products and equipment maintenance during cost optimization. This can be done by reorganization to make use of existing employee skills and adopting lean production practices which help to eliminate processes that do not add value, make use of existing resources and eliminate bottlenecks in the manufacturing process. The study also recommends regular tracking and addressing of feedback from employees to further increase focus on customers. With competition in the cement being stiff, the government should create an environment that will enable exportation of products so as to gain new markets.

REFERENCES

Aiken, C., & Keller, S. (2009). The irrational side of change management. *McKinsey Quarterly*, 2(10), 100-109.

Ana-Maria, G., Constatin. B. & Catalina. R. (2009). The strategic performance management process. *Annals of Faculty of Economics*, 4(1), 276-279.

IH, A. (1965). Corporate Strategy, An Analytic Approach to Business Policy for Growth and Expansion. McGraw-Hill, New York, NY.

Balogun, J. (2001). Strategic change. *Management Quarterly Part 10*.

Burnes, B. (2004). Kurt Lewin and the planned approach to change: a re-appraisal. *Journal of Management studies*, 41(6), 977-1002.

Carroll, D.W., Gasiorowski, B., Picard, M. & Bernard, D. (2004). The Worldwide Cement Industry Sustainability initiative. *Battelle Memorial Institute*.

Cooper, D. R.& Schindler, P.S. (2006). Business Research Methods.9th Ed. New York: McGrawHill.

Faisal H., Mahmoud, S., Ahmed, A., & Radwa, W. (2009). *Egyptian Cement Sector*. Kuwait: Global Investment House.

Galitsky, C., Galitsky, C., & Worrell, E. (2008). Energy efficiency improvement and cost saving opportunities for the vehicle assembly industry: an energy star guide for energy and plant managers. *Ernest Orlando Lawrence Berkeley National Laboratory*, Berkeley, CA (US).

George, D. & Mallery, M. (2003). SPSS for Windows step by step: A simple guide and

reference. 11.0 update (4th ed.). Boston: Allyn & Bacon.

Goodstein, L. D., & Burke, W. W. (1991). Creating successful organization change. Organizational Dynamics, 19(4), 5-17.

Hiatt, J. (2006). ADKAR–How to implement successful change in our personal lives and professional careers. *Loveland, CO: Prosci Research*.

Kaplan, R. S. (2001). Strategic performance measurement and management in nonprofit organizations. *Nonprofit management and Leadership*, 11(3), 353-370.

Kenya Revenue Authority. (2015). KRA Sixth Corporate Plan. Nairobi: *Kenya Revenue Authority*.

Kinyungu, R. N., & Ogollah, K. (2017). Influence of competitive strategies on organizational performance of Kenya Commercial Bank. International Academic Journal of Human Resource and Business Administration, 2(3), 201-221.

Kothari, C. R. (2004). Research methodology: Methods and techniques. *New age international publishers*.

Kotter, J. & Cohen, D. (2002). The heart of change. *Boston: Harvard Business School Press NHS Improvement Foundation*, 60.

Lewin, K. (1947). Group decisions and social change. In T. M. Newcomb and E. L. Hartley (Eds.), *Reading in Social Psychology*, New York: Holt, Rinehart & Winston, 197-211.

Lewin, K. (1946). Action research and minority problems. *Journal of social issues*, 2(4), 34-46.

Lewin, K. (1947). Frontiers in group dynamics: Concept, method and reality in social science; social equilibria and social change. *Human relations*, 1(1), 5-41.

Linn, R. L., and N. E. Gronlund. (2000). Measurement and assessment in teaching. 8th ed. Englewood Cliffs, NJ: Merrill/Prentice Hall

Lesmeister, F., Spindelndereier, D. & Zinser. M. (2011). The high-performance manufacturing Organization, *The Boston Consulting Group*, 1-11.

Maingi, J. M., & Gitonga, E. (2017). An examination of strategic management practices on organizational competitiveness in Premier Foods Industries Limited, Nairobi County, *Kenya. International Academic Journal of Human Resource and Business Administration*, 2(4), 174-199.

Molonket, L., Ombuki, C., & Wawire, N. (2014). Effects of competition on the profitability of cement manufacturers in Kenya. *European Journal of Business and Social Sciences*, 3 (7), 40-48.

Mugenda, O. M & Mugenda A. G. (2008). R*esearch Methods: Quantitative and Qualitative Approaches.* Nairobi: African Centre for Technology Studies press, 41-71.

Muiru, C. W. (2016). Factors affecting competitiveness in the cement industry in Kenya, 2000-2015 (Doctoral dissertation, University of Nairobi).

Namu, N., Kaimba, G., Muriithi, D. K., & Nkari, I. M. (2014). Impact of cost reduction strategies on performance of tea factories in Embu county, Kenya. European Journal of Business and Social Sciences, 3(9), 26-48.

Narver, J. C., & Slater, S. F. (1990). The effect of a market orientation on business profitability. *The Journal of marketing*, 54(4), 20-35.

Ndambuki, A., Bowen, M., & Karau, J. (2017). The effects of business strategies on growth of market share in the telecommunications industry in Kenya: a case study of Telkom Kenya. *European Journal of Business and Strategic Management*, 2(4), 16-32.

Njeru, W. K. (2007). Strategic responses by the Cement Manufacturing companies in Kenya (Doctoral dissertation, University of Nairobi).

Oyekunle Oyewobi, L., Olukemi Windapo, A., & Cattell, K. S. (2013). Impact of business diversification on South African construction companies' corporate performance. Journal of Financial Management of Property and Construction, 18(2), 110-127.

Patrick, O. O. (2012). Product diversification and performance of manufacturing firms in Nigeria. European Journal of Business and Management, 4(7), 226-233.

Peng, M. W., Wang, D. Y., & Jiang, Y. (2008). An institution-based view of international business strategy: A focus on emerging economies. *Journal of international business studies*, 39(5), 920-936.

Nduati, P. & Kavale, S. (2015). How does strategic orientation affect organizational competitiveness? Evidence from a large cement manufacturing firm in Kenya. *Basic Research Journal of Business Management and Accounts*, 4(5), 113-119.

Pandya, A. M., & Rao, N. V. (1998). Diversification and firm performance: An empirical evaluation. *Journal of Financial and Strategic Decisions*, 11(2), 67-81.

Pettigrew, A. and Whipp, R. (1991). Managing Change for Competitive Success. Wiley-Blackwell.

Porter M. E. (2008). Competitive advantage: Creating and sustaining superior performance. *The Free Press*.

Prajogo, D. I., & Sohal, A. S. (2001). TQM and innovation: a literature review and research framework. *Technovation*, 21(9), 539-558.

Preece, D., & Ward, C. (2008). The changing nature of the management of social housing: A contextual/processual approach. *In Proceedings of the 22nd ANZAM Conference 2008: Managing in the Pacific Century: 2-5 December 2008*.

Pryor, M. G., Taneja, S., Humphreys, J., Anderson, D., & Singleton, L. (2008). Challenges facing change management theories and research. *Delhi Business Review*, 9(1), 1-20.

Rahman, S. U., & Bullock, P. (2005). Soft TQM, hard TQM, and organizational performance relationships: an empirical investigation. *The international journal of Management Science*, 33(1), 73-83.

Rajagopalan, N., & Spreitzer, G. M. (1997). Toward a theory of strategic change: A multi-lens perspective and integrative framework. *Academy of management review*, 22(1), 48-79.

Saunders, M., Lewis, P., & Thornhill, A. (2007). Formulating the research design. *Research methods for business students*, 130-161.

Sarayreh, B. H., Khudair, H., & Barakat, E. A. (2013). Comparative study: the Kurt Lewin of change management. *International Journal of Computer and Information Technology*, 2(4), 626-629.

Schein, E. H. (1996). Kurt Lewin's change theory in the field and in the classroom: Notes toward a model of managed learning. *Systemic Practice and Action Research*, 9(1), 27-47.

Schneiberg, M., & Bartley, T. (2001). Regulating American industries: Markets, politics, and the institutional determinants of fire insurance regulation. American Journal of Sociology, 107(1), 101-146.

Singla, A., Ahuja, I. P. S., & Sethi, A. P. S. (2017). The effects of demand pull strategies on sustainable development in manufacturing industries. International Journal of Innovations in Engineering and Technology, 8(2), 27-34.

Tharamba, T. M. (2018). Effect of strategic positioning on the firms performance in the telecommunications firms in Kenya: a case of Safaricom limited. *Strategic Journal of Business & Change Management*, 5(2).

Trinh H. Q & O'Connor S. J. (2000). The Strategic Behavior of U.S. Rural Hospitals: A Longitudinal and Path Model Examination. *Health care management review* 25(4), 48-64.

Were, A. (2016). Manufacturing in Kenya: Features, Challenges and opportunities. A scoping exercise, 11-22.

Were, M. (2011). Is There a Link Between Casual Employment and Export-Orientation of Firms? The Case of Kenya's Manufacturing Sector. The Review of Black Political Economy, 2011, 38(3), 227

Zhang, Y., & Rajagopalan, N. (2010). Once an outsider, always an outsider? CEO origin, strategic change, and firm performance. *Strategic Management Journal*, 31(3), 334-346.

Zajac, E. J., & Kraatz, M. S. (1993). A diametric forces model of strategic change: Assessing the antecedents and consequences of restructuring in the higher education industry. *Strategic Management Journal*, 14(S1), 83-102.