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# Impact of change management on the performance of Small and Medium Enterprises within the healthcare sector in Nairobi County.

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**IMPACT OF CHANGE MANAGEMENT ON THE PERFORMANCE OF SMALL  
AND MEDIUM ENTERPRISES WITHIN THE HEALTHCARE SECTOR IN  
NAIROBI COUNTY**



**GITHIGE CHARITY WANJIRU**

**A RESEARCH DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF  
THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF  
BUSINESS ADMINISTRATION AT STRATHMORE UNIVERSITY**

**APRIL 2025**

## DECLARATION

I, the undersigned, declare that this dissertation is my original work and has not been presented for examination in any other institution for academic award.

To the best of my knowledge and belief, this dissertation contains no material previously published or written by another person except where due reference is made in the proposal itself.

Charity Wanjiru Githige

MBA/135378/20

Sign:

Date: April 2025

## Supervisor

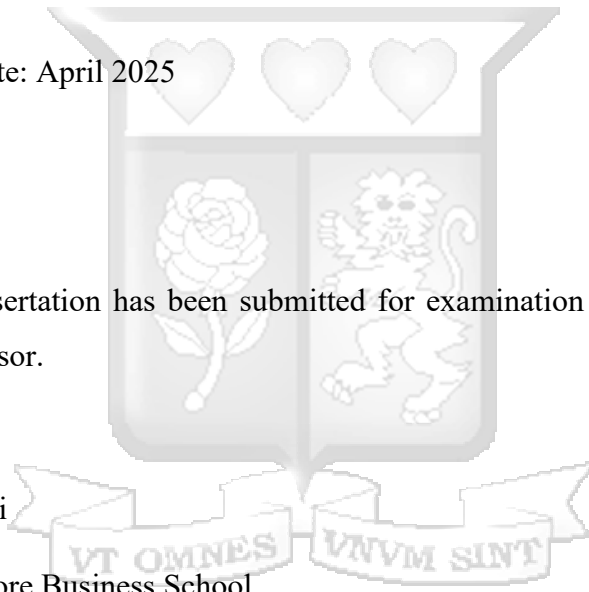
This research dissertation has been submitted for examination with my approval as the university supervisor.

Dr. Nancy Njiraini

Lecturer, Strathmore Business School

Signed:

Date: April 2025



## ACKNOWLEDGEMENTS

I wish to thank my Supervisor Dr. Nancy Njiraini for her patience, guidance and insights this far. To my colleagues, friends and family for their continued support and encouragement.



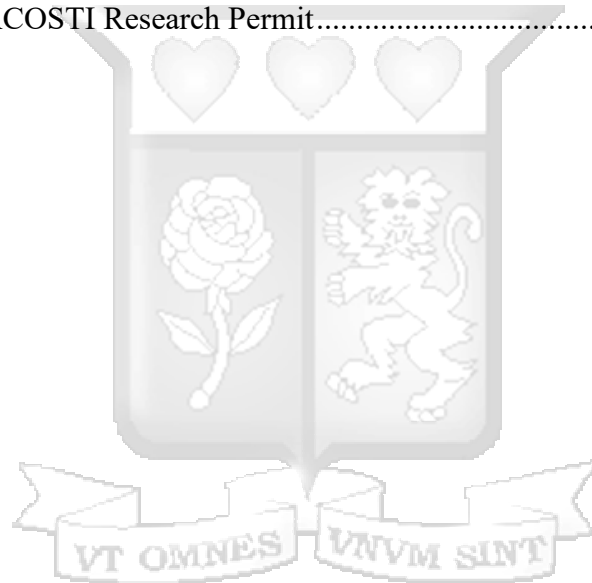
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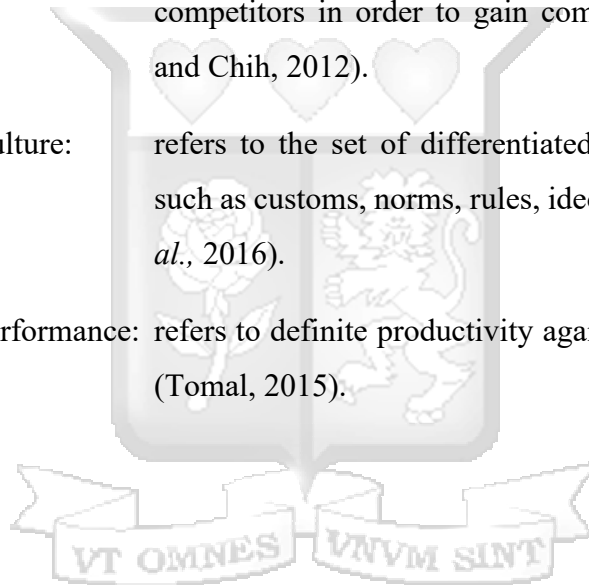
## **ABBREVIATIONS AND ACRONYMS**

GDP	Gross Domestic Product
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
NACOSTI	National Commission for Science, Technology and Innovation
ICT	Information and Communication Technology
NSSF	National Social Security Fund
KENHA	Kenya National Highway Authority



## OPERATIONAL DEFINITION OF TERMS

- Change Management: The continued renewal of a company's direction, structure and capabilities to meet different clients' needs (Moran and Brighton, 2011).
- Strategic Leadership: The practice of using creative problem-solving skills and strategic vision and management styles to develop company vision that can improve business competitiveness (Davies and Davies, 2004).
- Technology Capability: a tactical resource that a firm uses to differentiate itself from competitors in order to gain competitive advantage (Pang and Chih, 2012).
- Organizational Culture: refers to the set of differentiated elements between firms such as customs, norms, rules, ideologies and beliefs (Lee *et al.*, 2016).
- Organizational Performance: refers to definite productivity against the envisioned results (Tomal, 2015).



## ABSTRACT

This study aimed to assess the impact of change management on the performance of small and medium enterprises (SMEs) within the healthcare sector in Nairobi County. Change management is crucial for organizational success as it defines standards and procedures that enhance performance. The study focused on three objectives: examining the impact of strategic leadership change, investigating the effect of technological changes, and evaluating the influence of organizational culture change on SME performance. The findings will help SMEs develop policies to drive growth. The study was based on Kotter's 8-step model, Lewin's 3-step model, and the Balanced Scorecard. A cross-sectional survey design was used for data accuracy, targeting senior managers from healthcare SMEs.

Self-administered questionnaires were distributed to respondents to collect data for the study, which used descriptive analysis and SPSS for both qualitative and quantitative data. The correlation tests revealed statistically significant positive linear associations between strategic leadership, technological changes, organizational culture, and the performance of SMEs within the healthcare sector in Nairobi County, Kenya. Regression analysis further confirmed a significant positive relationship between change management and SME performance. Additionally, the analysis found that technological changes and organizational culture had a significant effect on the performance of healthcare SMEs in Nairobi County.

The study recommends that the government should introduce grants and subsidies to support the adoption of advanced technologies in healthcare SMEs. The study also suggests that managers and leaders should clearly communicate the organization's vision and mission to all employees as well as aligning organizational goals with the vision and mission to ensure everyone is working towards common objectives. The study also recommends that organizations should promote behaviors and practices that create a conducive and motivating work climate.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the Study

The operating environment is becoming increasingly volatile, requiring organizations to adapt and innovate. Phillips and Klein (2023) argue that change management is vital in such dynamic environments. In healthcare, effective change management is linked to worker satisfaction and improved outcomes (Fosu et al., 2022; YahiaMarzouk & Jin, 2023), though challenges like infrastructure and workforce shortages persist in Kenya's health sector (Kibe & Kihara, 2022). Schiavone and Ferretti (2021) emphasize the need for creative responses, especially with technological changes.

Ali and Hassan (2022) highlight that Small and Medium Enterprises (SMEs) play a crucial role in economic growth, with their success dependent on effective change management. Asikhia et al. (2021) argue that SMEs' ability to adapt to technological advancements, organizational changes, and globalization determines their survival. However, 70% of change initiatives fail due to poor management and lack of resources (Asikhia et al., 2021; Cummings & Worley, 2014). Effective change management is essential for transforming structures, cultures, and strategies (Phillips & Klein, 2023), especially during crises like the COVID-19 pandemic (Shafie et al., 2022).

In dynamic environments, change management is crucial for improving organizational performance (Tomal & Jones, 2015). For SMEs, particularly in Africa, adapting to technological change remains slow, limiting growth (Haddara et al., 2022). In Kenya, SMEs are vital for employment, but many fail due to inadequate resources and poor strategic leadership (Mwangi et al., 2022; Ugwu et al., 2020). The healthcare sector, comprising 45% of SMEs, faces high failure rates and challenges in meeting healthcare demands (Health Sector Market Study, 2016; KNBS, 2018). Effective change management can enhance SME performance, adaptiveness, and service quality (Gunjal & Gogte, 2019). These concerns have led to this research which sought to analyze the effect of change management on SME's performance within Kenya's healthcare sector.

### **1.1.1 Change Management**

Moran and Brighton (2011) describe change management as the sustained renewal of a firm's direction, structure and capabilities to position the firm to be able to meet clients' dynamic needs. Burnes (2014) asserts that change is present in all institutions at all levels of strategy execution. According to Kusuma and Kautsar (2020), change management requires both internal initiation and external motivation, with planning, managing, and reinforcement involved.

According to Asikhia et al. (2021), changes can be radical, anticipatory, or incremental, whereby radical changes are reactive, while anticipatory or incremental changes involve strategic planning to align with the environment. This study focused on workplace restructuring, technology adoption and cultural change. Mansaray (2019) reports of cultural change management as a new means for firms to respond to changing workplaces. Kimhi and Oliel (2019) assert that change management involves management of technologies, strategies, workspaces and culture and with the pace of technological development, aver that analysis of how to manage these changes would have significant impacts on firms' ability to solve short-term problems with long-term solutions. In Ghana's health sector, Yusif et al. (2022) showed the importance of analyzing technology, strategy and cultural change management. The same measures were used by Kimhi and Oliel (2019) and by Kibe and Kihara (2022) in their secondary literature review and these were used in this study.

As indicated, technological change management involves integrating new technologies into daily operations (Yusif, et al., 2022). Kimhi and Oliel (2019) affirm that firms that successfully adopt technology can enhance performance and build on core competencies. June (2023) avers that embracing technology is crucial for staying competitive. Managers with technology capability can achieve differentiation in competitive markets and gain long-term competitive advantage as early adapters, and even innovators (Fosu, et al. 2022). Ultimately, organizations with higher technologically skilled workforce adapt them faster and exhibit higher order performance (creativity and innovation) (Poláková, et al., 2023). This research evaluated technology change management by assessing the number of technologically skilled employees and new technologies integrated into SME operations.

Leadership is the act of providing directions towards the achievement of a predefined goal (Hay & Hodgkinson, 2014). McKimm et al. (2020) note that strategic leaders establish a clear vision, mission and fosters conditions for change. Arguing that some leaders are more effective than others, Faupel and Süß (2019) aver that transformational leaders provide effective strategic directions and create a compelling vision by setting goals, formulating plans and supporting innovation, all which evoke employee behavior in support of change. Basile and Faraci (2015) report that good leaders are effective communicators and will promote a healthy relationship among stakeholders. Leaders' planning for succession, motivation and entrepreneurial innovation was used in analysis of strategic leadership.

Organizational culture encompasses values, beliefs, and norms that influence employee behavior and attitudes toward change (Chalmers & Brannan, 2020). An organization's culture encompasses how it expects employees to approach aspects of relationships and attitude towards new innovations and technologies (Spicer, 2020). Organizational culture contributes to an organization's unique social and psychological environment. Chalmers and Brannan (2020) confirm that the values of an organization has significant impacts on how they interact, attract and the type of staff they retain owing to its influence on employees' feeling of unity and shared purpose. Indeed, Paais and Pattiruhu (2020) aver that as an organization's culture can impact workplace satisfaction, employee motivation and performance and contribute to business success.

Ayiecha and Senaji (2014), for instance, show a positive association between organizational innovativeness and an innovative culture. SMEs are not immune to changes in the environment and encounter technological, economic, and operational changes which inevitably necessitate that they change their management to ensure fit in operation and scope.

### **1.1.2 Organizational Performance**

Performance refers to the outcomes of an organization's efforts in pursuit of its core goals and Kimhi and Oliel (2019) consider performance to be an indicator of an organization's ability to continuously achieve tangible, specific, measurable, worthwhile and organizationally meaningful goals. Kotler and Schlesinger (2015) noted that organizational performance is about achieving goals by transforming inputs (resources and competencies)

into results. According to June (2023), a competent manager has a proper understanding of how current choices will affect future outcomes with regard to organizational performance. Jalagat (2016) notes that performance measurement varies depending on the organization, its objectives and how it is measured in financial and non-financial terms.

Jayaram and Xu (2016) state that organizational performance should be evaluated on the basis of the ability to realize core objectives. The inability to meet organizational goals is an impetus for an organization's management to consider strategic changes (Ali & Hassan, 2022). The researchers show change management as a means for organizations to improve technology integration, to institute new culture, and usher in new leadership. Ultimately, Tidd and Bessant (2020) aver that organizations change to improve the quality of their products and services. Kotler and Schlesinger (2015) expressed organizational performance in financial terms (return on assets and return on investment) while Akpa, Asikhia and Nneji (2021) expressed it in terms of market share and product, and service quality while Paais and Pattiruhu (2020) reviewed it from employee performance outcomes. Kenyon, Meixell and Westfall (2016) conceptualized performance using flexibility and delivery indicators which include ability to respond to market demands and products or services that meet customer expectations.

These elements of performance are identified by Kaplan and Norton's (1992) Balanced Scorecard (BSC) which conceptualizes organizational performance into four perspectives encompassing the financial, customer, internal process, and the learning and growth perspective. This study focuses on the performance of healthcare sector firms which are unique in that they deliver healthcare products and services to sick/unwell consumers. Performance from such firms can be evaluated by their ability to deliver quality and affordable healthcare products and services (non-financial indicators), and profit for the entrepreneur as the financial indicators of performance (Jayaram and Xu, 2016). This study used the four measures of performance espoused by Kaplan and Norton's (1992) BSC tool.

The balanced scorecard was the best choice for this study because it goes beyond financial metrics, incorporates organizational change impacts, and aligns well with strategic leadership and technological adaptation, all of which are critical for the performance of SMEs in the healthcare sector.

### **1.1.3 Healthcare Sector in Nairobi County**

Nairobi County is the capital city and the center of economic productivity in Kenya, generating over 20% of Kenya's gross domestic product (GDP). The county invests the most resources into the county healthcare system than other counties in Kenya and according to Moses et al. (2021), the average healthcare spending per capita is Ksh. 1,745 compared to Ksh. 1,585 countrywide. Similarly, while 32% of doctors reside in Nairobi, the region also has the highest healthcare insurance coverage (35.2%). According to the Kenya Demographic and Health Survey Report (2014), private healthcare in Nairobi accounts for 77% of the growth in outpatient admissions and up to 60% of private hospitals bed capacity. There are 862 healthcare facilities operating within the county according to the Kenya Master Health Facility List of 2022.

Despite its importance, the county's healthcare system faces numerous challenges relating to high costs of patient care, weak technical awareness, low drug availability and poor employee development initiatives. Muathe and Muraguri-Makau (2020) argue that the county's Level 4 hospitals, Level 3 hospitals and many dispensaries are underfunded, understaffed, and in dilapidated conditions. SMEs operating in the sector face additional challenges relating to low employee morale, weak drug price discovery channels, slow technology adaption and stagnated growth (Njoroge and Bett, 2019). Nairobi's healthcare SMEs must therefore continuously adopt effective change management strategies crucial for their success. The study is directly relevant to the healthcare sector in Nairobi County as it addresses how strategic leadership, technological advancements, and organizational culture shape change management and eventually SME performance.

### **1.2 Statement of the Problem**

Healthcare is a critical service to the population comprising of both citizens and health providers and in a changing business environment, a healthy population, a more productive workforce (Kibe & Kihara, 2022). The researcher further confirms that in Kenya, significant efforts have been made to improve the quality of services delivered. However, despite recent reforms, access to quality public healthcare services remains a major challenge owing to poorly equipped facilities, lack of skilled and motivated workforce and poor integration of new technologies (Moses, et al., 2021). To keep up with the changing business dynamics the firms must adequately manage change during situations such as

expansion, downsizing or even introduction of new technology and processes. The ability to guide these facilities through change, though promising to reduce costs, improve employee productivity, motivation and satisfaction, however, is highly rare, valuable and difficult to imitate (Kho, et al., 2020).

According to Daniel (2019), change management processes provide the directions followed by organizations when implementing organizational changes. Research into change management reveals conflicting observations. In China, Abbas and Jiang (2022) used Structural Equation Modeling (SEM) in analysis of the drivers and organizational change management and identified changes in leadership approach to encouraging employee participation. This study specified the role of transformational leadership. In the United Kingdom, Ahmed, Qin and Martínez (2019) aver that adaption to the technological environment requires continuous change management practices to ensure employees are ready for challenges offered by new technologies. The research based its findings on technology intensive SMEs. These studies, although relevant, have been conducted in other regions thus creating a contextual gap.

Regionally, Nigeria's Daniel (2019) revealed that organizational change factors have significant impacts on employees' job satisfaction, engagement and productivity. This study conceptualized performance in employee outcomes and did not evaluate financial performance. Abesiga (2015) analysis on strategic change management in Ugandan SMEs revealed a positive correlation. Imran (2014) ascertained that technological changes have great effects on workforce motivation and training but the study was premised on technological progress and employee performance in the banking sector. Joyce (2016) linked culture change to improved workplaces and Kimani (2014) revealed that technology adoption and training have significant impacts on organizational growth. These studies only evaluated culture change and technology change components individually while the current evaluates different aspects of change management. The analysis by Kaurai (2016) was a case study that specified change management at KeNHA.

Based on these studies, it is clear that scholars have examined change management practices. However, these studies have looked at the concept from different perspectives and have used different approaches. Moreover, there is little focus on the performance of

SMEs in the healthcare industry thus establishing an empirical gap. This study sought to fill this gap through an analysis of the main areas of change management within healthcare sector SMEs in Nairobi County, with specific focus on the management of changes in technology, strategic leadership, and culture. The result of this study provided suggestions of how SME owners can better manage change in their organizations.

### **1.3 Research Objectives**

#### **1.3.1 Main Objective**

The purpose of this study was to evaluate the impact of change management on the performance of small and medium enterprises (SMEs) within the healthcare sector in Nairobi County.

#### **1.3.2 Specific Objectives**

- i. To investigate the impact of technological changes on the performance of SMEs within the healthcare sector in Nairobi County.
- ii. To examine the extent to which strategic leadership influences the performance of SMEs within the healthcare sector in Nairobi County.
- iii. To establish the degree to which organizational culture affects the performance of SMEs within the healthcare sector in Nairobi County.

#### **1.4 Research Questions**

- i. What is the impact of technological changes on the performance SMEs within the healthcare sector in Nairobi County?
- ii. To what extent does strategic leadership influence the performance of SMEs within the healthcare sector in Nairobi County?
- iii. How does organizational culture affect the performance of SMEs within the healthcare sector in Nairobi County?

### **1.5 Scope of the Study**

This study was conducted in Nairobi County to leverage on time and to collect adequate data for the research. Moreover, the scholar prefers Nairobi County given the number of healthcare facilities within the county. This study primarily focused on small and medium enterprises within the Healthcare industry in Nairobi County. According to the Kenya Master Health Facility List (August 2022), there are 862 healthcare facilities that fall under the category of Small Medium Enterprises in Nairobi. These include registered pharmacies and private hospitals and formed the basis of the current study. The study was founded on Kotter's 8-step change model, Lewin's 3 step model and the balanced score card. The study collected data from the managers/owners of the healthcare SMEs and the study period was between April and July 2024.

### **1.6 Significance of the Study**

This study was significant to SMEs within the Healthcare industry as they will highlight the factors critical for change management in this crucial sector. The management will understand the change management process and its importance, which will support their decision making when instituting change of operations. This will assist the SMEs to increase their level of preparedness when introducing change to attain desired outcomes.

Similarly, the results will provide additional literature and knowledge on impact of change management on the performance of healthcare sector SMEs, hence assisting future scholars to advance their studies. Research recommendations will also provide a basis for further studies on effect of change management on performance of healthcare sector SMEs.

On the other hand, study findings will assist policy makers to comprehend how change management affects performance of healthcare sector SMEs, thus gaining skills and guidance required to formulate right policies to regulate SMEs in the healthcare space.

### **1.7 Chapter Summary**

This chapter focused on presenting the study's introduction. The chapter first presented the background before conceptualizing the study variables. The chapter then presented a review of the study area, the statement of the problem, the questions and objectives guiding the research and the scope.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter presents the existing literature with regards to theoretical and empirical literature and the theories that anchored the dependent and independent variables. The empirical review section presented studies on the different forms of change management, summary of gaps and the conceptual framework.

#### 2.2 Theoretical Review

This section explored the three main theories that informed the study of change management and performance of organizations. These theories include; Kotter's change model, and Kurt Lewin's model. The dependent variable was informed by the balance scorecard model. Using the three models creates a comprehensive framework for understanding, implementing, and evaluating change management in healthcare SMEs. Kotter's model provides a structured roadmap for implementing and sustaining change while Lewin's model offers a practical approach to managing employee adaptation and transition during change. Balanced scorecard measures the effectiveness of change across key business performance areas.

##### 2.2.1 Kotter's 8-Step Change Model

Kotter's 8-Step Change Model is an organizational change framework developed by John Kotter (1995) to direct organizations and their managers through institutional changes. Kotter (1995) developed the model after establishing that only 30 percent of change initiatives succeed because 70 percent of institutions fail to prepare or follow through an established plan for smooth execution of plan they intend to implement. Kotter (1995) thus developed an 8-step model that he considered to be critical in any effort to institute change and noted that the steps identified in the model all place significant consideration on how people will react to change.

According to Kotter (1995), to successfully implement change, management should formulate and communicate a vision and strategy, remove obstacles to realization of the vision, empower employees, monitor and evaluate the impact, and consolidate gains. Change management occurs when the new practices are institutionalized and anchored to the culture and resources owned by the organization. By following these steps, (Kotter,

2001) revealed that leaders can avoid common pitfalls and overcome resistance to change. Essentially, Kotter (1995) highlighted the role and potential impact of strategic leadership qualities on the execution of strategic change plans and identified qualities of good and bad leaders during change events.

Empirical studies using the model reveal the importance of good communication skills at transmitting a sense of urgency, communicating the organization's plans, uniting team members towards common goals and motivating employees towards new systems and processes (Alhaderi, 2021). According to Trawick and Carraher (2023), recognition of employees' efforts during change periods can have significant impacts on successful adoption of new technologies, systems and processes (digital transformation). Davidson(2021) used the model and reported the importance of cultivating emotional intelligence and readiness on trust and change perception. Therefore, successful change depends on a company's commitment to and involvement of all stakeholders to the change process, clearly articulating the company's vision and communicating it to all, ensuring transparency and accountability and incorporating strong leadership to lead the change process.

Kotter's (2012) 8 steps are about initializing change. The theorist asserts that managers using this model are more successful at implementing changes and continuously use new information to make systemic improvements. Laig and Abocejo (2021) aver that the model anchors an organization's leadership and culture as the basis for sustained change. Achieving this requires managers with requisite management skills to guide the management process. This study assesses the influence of change management on healthcare SMEs' performance. This model anchored the change management factors of strategic leadership and culture change. This is because it anchors these as the basis for realizing the desired results of change initiatives.

### **2.2.2 Lewin's 3-Step Model**

Lewin's 3-Step Model emerged from the works of Kurt Lewin (1947). According to Lewin (1947), successful change management depends on the manager's understanding of the critical steps in the change process. Lewin's (1951) change model focused on planned change in relation to group decisions, implementation, and social change. The model

identified three phases of change; unfreezing, moving (changing), and refreezing. Lewin (1951) defined unfreezing as the stage of change whereby the current system is reviewed and opportunities for change identified and acted upon. After recognizing the need for change, the firm undertakes initiatives to encourage change and eliminate barriers to change (Linstead *et. al.*, 2009). Mind Tools (2017) opines that an organization prepares for the new changes in this stage and managers explain to stakeholders the importance of change and why that change is necessary to break down the existing status quo. Thus, it is important that senior managers within an organization support the company's agenda. Managers should be enlightened in order to clear doubts regarding the need for change (Lewins, 1947).

Change involves action by the people involved towards the desired direction. The moving stage entails the efforts undertaken to facilitate smooth transition from an old system to a new system. Lewin (1958) affirms that this stage has numerous resistance factors and all uncertainties have to be resolved in this stage to ensure change is accepted within the organization. Thus, the organization should get individuals on board to feel involved and connected through positive contributions (Petrescu, 2010). This model ideally prepares people for the new changes by clearing rumors and creating an involvement attitude by those concerned (Kotters and Cohen, 2008). Refreezing aims to get desired outcomes with reference to the internalization of new attitudes and behaviors. According to Burns (2009), refreezing focuses on stabilizing the group at new quasi-stationary equilibrium to ensure that the new behavior is safe from regression and requires a firm to institutionalize the changes implemented.

Lewin (1947) recognized that resistance is present in all open systems and formulated this model to help managements on how to circumvent the problem and embed change into the organization culture. It accounts for both the uncertainty and resistance to change and places emphasis on empowering and educating employees and other stakeholders. Lewin aimed to simplify change management by enabling the identification and resolution of barriers to effective change management. He recommends that managers train and educate the workforce so that they understand the rationale for introducing the amplified changes, that institutions create a feedback mechanism to sustain change and align reward systems

with the company's vision. This theory informed the change management variable and the influence of entrenching cultural change to successful change management and eventually achievement of the desired organizational outcomes.

### **2.2.3 The Balanced Scorecard Model**

The balanced scorecard (BSC) is a strategic management performance metric developed by Kaplan and Norton (1992) to improve businesses' ability to improve internal processes. The tool improves companies' ability to monitor and measure the success of their activities by comparing them against a set of predetermined factors (Bochenek, 2019). Kaplan and Norton (1992) aver that organizations can use the tool to ensure the outcomes of their strategies align with their strategic goals and guarantee that they are met. Kaplan and Norton (1992) developed the framework after noticing that organizations are highly complex entities whose activities affect multiple stakeholders. They affirmed that organizations need to satisfy the expectations of a host of stakeholders and developed the BSC framework to complement traditional performance indicators which had specified financial performance.

Salmon et al. (2019) opine that while traditional measures of performance focused on immediate financial returns, the BSC tool provides a means for firms to institute operational measures that can be critical to future financial performance. Salmon et al. (2019) reveal that the BSC framework complements measures such as ROA and ROE, with operational measures on customer satisfaction, internal processes, and the organization's learning and growth. The basis of the BSC is that learning is key to improving internal business processes which increase customer satisfaction which engenders purchase decisions and eventually improved financial results. Managers use the BSC framework to measure performance from multiple perspectives (Zorek, 2020).

The customer perspective show firms' ability to satisfy customer expectations and present added value, and the internal processes is an indicator of the organization's efficiency in utilizing internal resources to meet organizational goals (Langat & Wanyoike, 2016). The learning and growth perspective, on the other hand, details the organization's ability to expand its market share and product and service offering. Using the BSC framework to measure the impact of change is important as it enables the organization to align the various

change approaches with internal processes, financial, customer, learning and growth perspectives. Salmon et al. (2019) asserts that the framework can also support decision making and serve as a justification for change management.

Langat and Wanyoike (2016) assert that using the model can be key at directing strategy implementation and demonstrated its use to enhance efficiency at the Kenya Bureau of Standards. This study utilized this tool to accomplish this task and anchor the organization performance factor. Hence, this study proposes that proper strategic leadership, technology, and organizational change management should improve organization performance by the four measures of performance espoused by Kaplan and Norton's (1992) BSC framework.

### **2.3 Review of Empirical Studies**

This section presents previous literatures related to the prevailing study. The dimensions of change management under consideration include; strategic leadership, technological changes and organizational culture.

#### **2.3.1 Strategic Leadership and Organizational Performance**

Strategic leadership comprises of organizational creativity, creation of new business, focusing on customer needs and operational efficiency (Duursema, 2013). Additionally, strategic leadership entails the decisive role of the leader in the management of a company's resources and culture. Effective leadership enables leaders to execute strategies that enhance performance and guide behavior during periods of change.

Strategic leadership should focus on motivating employees that participate in the management of change. This is because organizations that motivate employees can be able address their needs and develop an inspiration that encourages them to work harder to deliver on their mandate in an organization (Cater and Pucko, 2010). In the United States, Ndinjiakat (2019) examined the influence of formal succession plans on sustainability of leadership and hospitals' performance. The study collected data from profit and not-for-profit hospitals and used MAXQDA in analysis. Findings were that few hospitals have implemented succession planning at all levels of the organization and that these hospitals experienced lower turnover and improved patient health outcomes after introducing formal succession planning. Further analysis revealed that many were focused on leadership

replacement but not development. The study revealed that formal succession plans can direct firms through periods of change by providing a selection of inhouse developed leaders.

The researchers Mehralian et al. (2020) used structural equation modeling in analysis of the relationship between managerial skills and performance of community pharmacies in Iran. The study used organizational climate as a mediating factor and observed that while there is no direct relationship between managerial skills and pharmacy performance, only context specific skills can enhance performance, revealing the influence of the organizations' climate on the appropriateness of leadership. This study's findings are on Islamic-dominant culture while this current evaluated culture application in secular contexts.

Cater and Pucko (2010) researched on the factors that influence the degree of effectiveness in strategy implementation among Slovenian SMEs revealed that despite many managers focusing on their planning and organizational skills during strategy implementation phase, poor leadership choices are the main obstacle to effective strategy execution. Poor leadership was shown as non-stimulative reward systems, poor communication and exclusion of employees in decision making. This research demonstrated that planning for change is not enough and managers have to develop certain skills to guide and motivate employees to accept change.

Jimad et al. (2020) examined the strategic leadership-performance nexus in the context of public state universities in Indonesia and used interview methods in collecting data from 12 respondents in leadership positions in the universities. The results obtained from the results of in-depth interviews were that the leaders' attitude, competence, credibility, transparency and leadership mandates, as well as stakeholder support have significant impacts on the institution's performance. Conclusions were that leadership change is a factor of the integration of a system of leader selection, leadership development and the institutions' ability to independently evaluate leadership performance. This study, however, strictly focused on education sector and used thematic analysis having collected data through interviews. The interpretation from thematic analysis can be subjective.

Senaji and Galperin (2017) in a study of leadership in Kenya established that effective leaders have a vision, influence, lead teams, are result oriented and occasion change. Previous studies also concur with the results which suggest that vision is a critical aspect of the strategic direction of an organization because it enables leaders to influence followers towards attainment of goals.

Kirimi and Minja (2010) argued that organizations begin to backslide when the leadership fails to articulate the company vision to followers in order to understand and conceptualize the organizational agenda. Empirical evidence reveals that strategic leadership is key to sustainable competitive advantage in a rapidly changing organization (Gilley *et al.*, 2009). According to the scholar, strategic leadership articulates a clear vision of organization and initiates steps that would direct the company towards this vision.

### **2.3.2 Technological Changes and Organizational Performance**

Technological changes have significant impacts on how organizations operate. Margarida, Maria and Madalena (2016) sought after the effect of technological capability performance of export firms in terms of its effect on organizational innovation and export performance. The study tested the hypothesis developed using SEM models and revealed that technology has a significant impact on the level of innovation within the organization that positively influences the performance of export firms. The analysis revealed that managers in Portuguese export firms play a key role in creating a path for building superior export performance via integration of new technologies and intensifying innovation. The study informed the importance of technological capabilities but focused on manufacturers and export performance while the current looks at delivery of healthcare services by healthcare SMEs.

Similarly, Kossai and Piget (2014) explored adoption of ICT on profitability of companies in the SMEs sector in Tunisia. Research findings were that ICT use has significant impacts on SME's innovation capacity and performance. This paper focused on the electrical sector while the current is based on the healthcare sector. Muzaffar *et al.* (2014) looked into the effect of IT capability on productivity of staff at allied banks in Pakistan. The study used regressions and findings were that technological capability influence financial performance via its impact on employees' workload, efficiency and control of fraud. The study showed

that quick access to information enable workers to deliver high quality services. This study equally established that firms that have adopted technology can train employees to improve their performance.

Imran (2014) in his study, contend that technological changes pose significant impacts on motivation and workforce training, premised on technological progress on employee performance among banks. The study used regression analysis which revealed that employees are more motivated and engaged when they are regularly introduced to service-enhancing technologies. The research further revealed that training provides bank employees with confidence in their ability to use new technologies and introduce them to customers. These factors were evaluated in the context of healthcare SMEs.

The analysis by Isanda (2020) specified the association between organizational structure, technological, culture and leadership change management strategies on the performance of county government staff in Kakamega County, Kenya. The study used a descriptive approach and regressions in analysis and results were that change management strategies improve performance and productivity of staff in terms of improved timeliness of service delivery, better engagement and improved attitude. However, the study revealed that organization-specific factors such as timeliness of funding and internal amenities and resources moderate this relationship and with poorly equipped facilities, change management was having minimal impact on employees' performance in the long-run. This study specified change management in county governments whiles the current focuses on SMEs.

Matelong (2019) specified evaluation of technological change management on Tier 1 banks' competitive advantage in Kenya. The research used a descriptive design and both descriptive and inferential statistics and findings revealed that certain technologies are more significant than others and that selection of appropriate technologies would improve banks' ability in certain areas of performance. Specifically, managing the extent of adoption of new technologies, deposit taking ATMs, use of appropriate mobile and internet banking applications, and electronic queue management systems were all key to sustaining competitiveness among Tier 1 banks.

### **2.3.3 Organizational Culture and Performance**

Organizational change management is the structured approach to espouse a new system of beliefs, practices and norms among members of an organization. Lee et al. (2016) opined that proper management of an organization's culture is the basis of change management. Change managers consider the workforce as the most vital asset. Therefore, employees and even customers can provide important, previously known information about the products that was accepted in the operating environment to generate high profits for firms (Mojibi et al., 2013). Akpa et al. (2021) aver that a strong culture drives employee performance which is key to sustained competitiveness. Denison and Mishra (1995) had earlier reiterated that strong culture increases the effectiveness of change management and performance. Therefore, a unique culture should promote successful change and performance.

An organization's culture preserves organizational competitiveness and integrates innovation, teamwork, and flexibility. Organizational culture (OC) dictates the rules and principles that employees would follow when interacting with stakeholders (Nadanyiova and Durana, 2019). Research conducted by Shahzad et al. (2012) on effect of corporate culture on employee performance revealed that employees are more productive when they share standards and values because culture helps in shaping the values and members conduct in an organization.

Research conducted by Karanja (2014) deduced that OC is key to organizational consistency by enhancing employee's cooperation, collaboration and willingness to support organizational goals. Maina (2018) in her study established a positive effect of change management on Kenyan banks' performance. The study used a descriptive study that employed logistics regressions in analysis. Findings revealed that workplace and technology change management were the main aspects of management that need additional focus. This study provides evidence from the financial sector which has seen numerous technology developments which have significantly shifted the entities' business and process execution.

In the study by Isanda (2020) which evaluated the effect of change management practices on the performance at the county government staff at Kakamega and revealed that cultural

change management is a significant driver of employee performance. Regression results were that county governments have to formalize elements of cultural change, especially those concerning women’s inclusion in the workplace, workplace communication and problem solving. The study revealed that adopting a modern cultural orientation would have significant impacts on employees’ engagement and delivery of public services.

Noting that a strong culture is a valuable asset, and that changing an organization’s culture is one of the most difficult challenges, Milimu (2016) argues that cultural change management should be approached with caution. The study used a descriptive approach and used a case study that targeted data from a construction firm in Kenya. Results revealed that while the organization was facing changes in the legal, technological, customer and employee preference, team involvement in decision making and change of culture had significant impacts on the firm’s growth.

#### 2.4 Summary of Research Gap

The review provides important insights into previous researchers’ findings on the relationship between change management and firm performance. However, not all of the studies were carried out in the current study and may not be applicable to the context of Kenyan SMEs. Moreover, the studies’ contextual scope differs significantly from the current which specifies the combined effect of technological changes, organizational culture and strategic leadership on firm performance. The prevailing study focuses on filling these gaps as indicated in Table 2.1.

**Table 2.1 Research Gaps**

<b>Author</b>	<b>Title</b>	<b>Research Findings</b>	<b>Methodology Used</b>	<b>Research Gaps</b>
Jimad et al. (2020)	Effect of strategic leadership on performance of state university public service agency in Indonesia.	Result revealed that leadership strategy contributes positively to the performance of the organization.	Qualitative methodology	The study was conducted in a different jurisdiction and context creating a contextual gap
Senaji and Galperin (2017)	Impact of leadership style on performance of organizations in Kenya	The study found that effective leaders have a vision and influence that occasion change.	Literature review	The study was however not limited to SMEs in healthcare sector, which is the focus of the current

Kossai and Piget (2014)	Adoption of ICT on profitability of companies in the SMEs sector in Tunisia.	ICT use and innovation capacity have significant effects on SMEs' performance.	Qualitative methodology	study creating a conceptual gap This study did not focus on the entire variables, which the current study strives to examine creating a knowledge gap
Margarida, Maria & Madalena (2016)	Effect of technological capability on innovation on export performance of export manufacturing firms in Portugal.	The study established that technology has a significant impact on the level of innovation within the entity hence influences company performance.	Mixed Methods	The study focused on one specific variable as well conducted in a different industry. The current study aims to address the three main variables in the healthcare sector creating a knowledge gap
Shahzad et al. (2012)	Effect of corporate culture on employee performance within an organization	Findings revealed that employee performance increases if they have similar standards and values as that of the entity.	Quantitative methodology	The study was done in a different sector and jurisdiction leaving a contextual gap that the current study strives to bridge.
Karanja (2014)	Relationship between culture and performance of organizations in Kenya	Results showed that culture affects the performance by enhancing employee consensus and readiness to support the company.	Qualitative methodology	The study exclusively evaluated culture and not technology and leadership which this study addressed.
Milimu (2016)	The influences of change management practices on performance of Pinnacle Projects Ltd, Kenya	Team involvement in decision making and change of culture has significant impacts on the firms' growth.	Qualitative methodology	This study involved construction firms while the current evaluates change management in health SMEs. Additionally, this was a case study while the current evaluates firms with different culture, processes and technologies

(Maina, 2018)	Change management strategies and performance of commercial banks in Nyeri County, Kenya	There is a positive correlation between change management strategies and performance of Kenyan Commercial Banks	Mixed methods	This study specified change management in banks which have undergone significant financial transformation than healthcare industry firms thus creating a contextual gap.
Isanda (2020)	Change Management Practices and Employee Performance in Kakamega County, Kenya	Adopting a modern cultural orientation would have significant impacts on employees' engagement and delivery of public services	Qualitative methodology	These findings were from the county government firms while the current explores private healthcare businesses creating a contextual gap.
Mehralian et al. (2020)	Managerial skills and performance in small businesses: the mediating role of organizational climate	The acquisition and development of context specific skill sis key to improved healthcare service delivery	Qualitative methodology	This study provided evidence from Iranian health SMEs while the current looked into Kenyan health sector SMEs creating a contextual gap.

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**Source: Researcher (2022)**

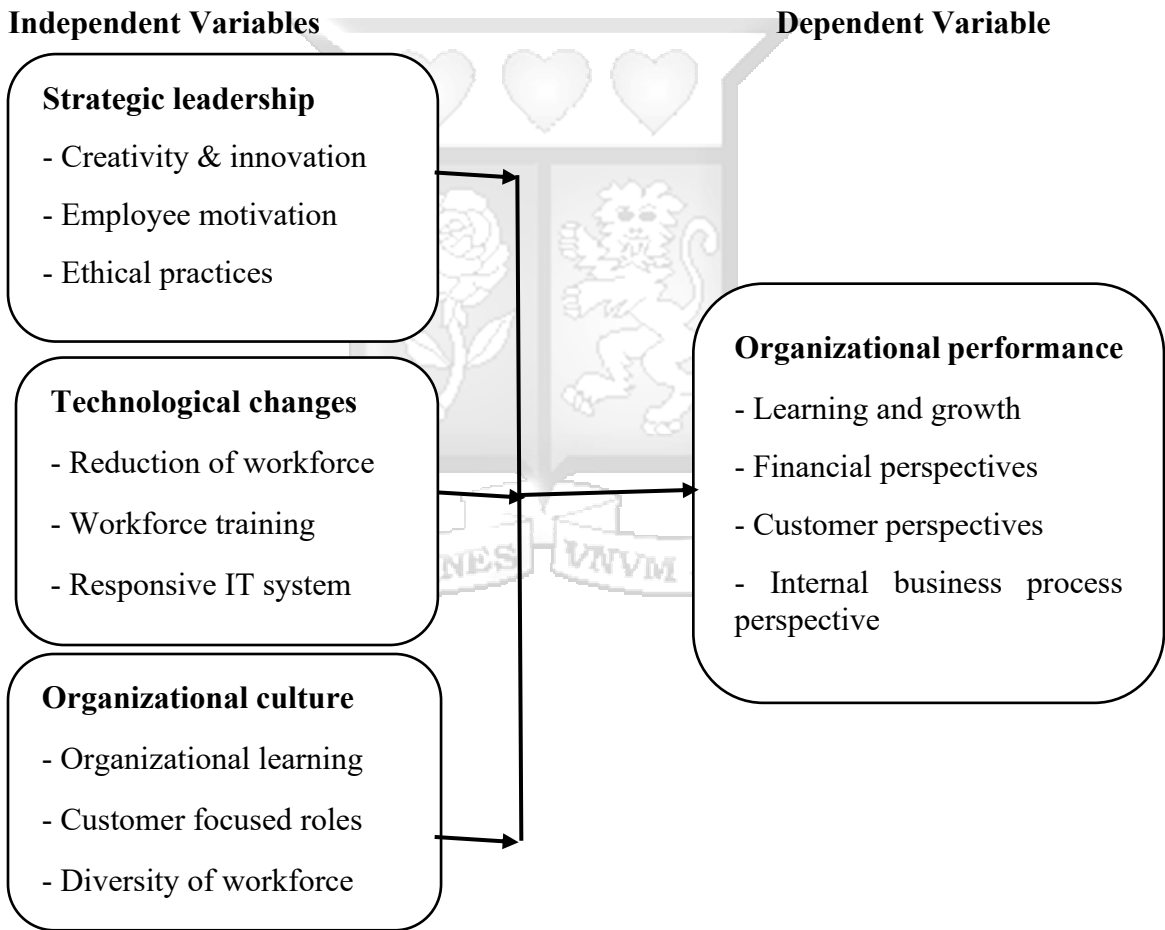
## 2.5 Conceptual Framework

Mugenda and Mugenda (2008) define a conceptual framework as a representation of the interaction between study variables. They provide a visual indication of the hypothesized relationship between the variables (Thornhill, Saunders & Lewis, 2012). The conceptual framework evaluated SME performance using the four BSC dimensions. This ensured a comprehensive approach to assessing change management effectiveness. The BSC model helped justify why performance should not be measured solely based on financial metrics but also on customer satisfaction, internal efficiency, and workforce development.

Strategic leadership is the practice where managers use different management styles to formulate a vision for their organization with the goal of becoming unique in a dynamic environment. It streamlines processes, boosts strategic productivity, promotes innovation and a positive work environment (Davies and Davies, 2004). According to Duursema (2013), strategic leaders are creative, focus on customer needs and aim for operational efficiency.

Any significant change in technology can either have a positive or negative effect on performance of organizations. According to Imran (2014), technological changes pose a great effect on motivation and workforce training, premised on technological progress on employee performance.

Likewise, organizational culture considers the workforce as the most essential asset of an organization since they are directly in contact with clients and rivals. Organizational culture refers to a set of differentiated elements between companies such as customs, norms, rules, ideologies and beliefs (Lee *et al.*, 2016). Culture enables employees to focus on ideas that shape the products required by users. These factors were assessed below.



**Figure 2.1 Conceptual Framework**  
Source: Author (2022)

The conceptual framework above depicts the relationship between the independent and dependent study variables. The study hypothesizes that strategic management of leadership, technological and culture should improve organizational performance.

**Table 2.2 Operationalization of Variables**

<b>Variable</b>	<b>Indicators</b>	<b>Measurement</b>	<b>Data Collection Tool</b>	<b>Data Analysis</b>
<b>Strategic leadership</b>	<ul style="list-style-type: none"> <li>● Creativity &amp; innovation</li> <li>● Employee motivation</li> <li>● Ethical practices</li> </ul>	<ul style="list-style-type: none"> <li>● Ordinal Scale (Likert Scale)</li> </ul>	Questionnaire	Descriptive analysis and inferential analysis
<b>Technological changes</b>	<ul style="list-style-type: none"> <li>● Reduction of workforce</li> <li>● Workforce training</li> <li>● Responsive IT system</li> </ul>	<ul style="list-style-type: none"> <li>● Ordinal Scale (Likert Scale)</li> </ul>	Questionnaire	Descriptive analysis and inferential analysis
<b>Organization culture</b>	<ul style="list-style-type: none"> <li>● Organizational learning</li> <li>● Customer focused roles</li> <li>● Diversity of workforce</li> </ul>	<ul style="list-style-type: none"> <li>● Ordinal Scale (Likert Scale)</li> </ul>	Questionnaire	Descriptive analysis and inferential analysis
<b>Organization performance</b>	<ul style="list-style-type: none"> <li>● Learning and growth</li> <li>● Financial perspectives</li> <li>● Customer perspectives</li> <li>● Internal business process perspective</li> </ul>	<ul style="list-style-type: none"> <li>● Ordinal Scale (Likert Scale)</li> </ul>	Questionnaire	Descriptive analysis and inferential analysis

## 2.6 Chapter Summary

This chapter presented the theoretical and empirical review sections which discussed the theories underpinning the study and previous researchers' observations on the relationship between the study variables. The chapter then presented a summary of the research gaps emerging and the conceptual framework.



## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This section examines the procedures and methods that were employed to determine the impact of change management on performance of SMEs within the healthcare sector in Nairobi County. This chapter presents the study design underpinning this study, target population of the study, sampling design, data collection, data analysis, data validity and reliability and lastly ethical considerations.

#### 3.2 Research Philosophy

Research philosophy describes the assumptions and beliefs that govern how a researcher views the world (Kothari, 2010). There are four distinct research philosophies that present diverse approaches in knowledge acquisition and how reality is viewed; positivism, interpretivism, critical realism, and pragmatism (Thornhill, Saunders & Lewis, 2012). In positivism, reality is believed to be characterized by stability and one can easily observe and describe it in a way that is objective. For interpretivism, reality is believed to be interpreted in a subjective manner for it to be understood. This study was anchored on a positivism philosophy which was more appropriate based on the approach the study sought to adopt in investigating the research problem. This philosophy supports the testing of hypotheses or research objectives using data collected from the natural environment through quantitative means. This paradigm thus helped the study in establishing the connection between change management and performance of SMEs in the healthcare sector in Nairobi County.

#### 3.3 Research Design

Kothari (2010) define the research design as a strategy employed to examine a research problem in a logical way. It maps out how a study was conducted in terms of data collection, measurement and analysis. This study used a cross-sectional research design which basically involves gathering information using questionnaires that are administered to the participants. Cross-sectional design allows for quantitative data to be obtained and analyzed to provide basis for making inferences on the phenomena being studied (Thornhill, Saunders & Lewis, 2012). This research design was adopted since it helps to

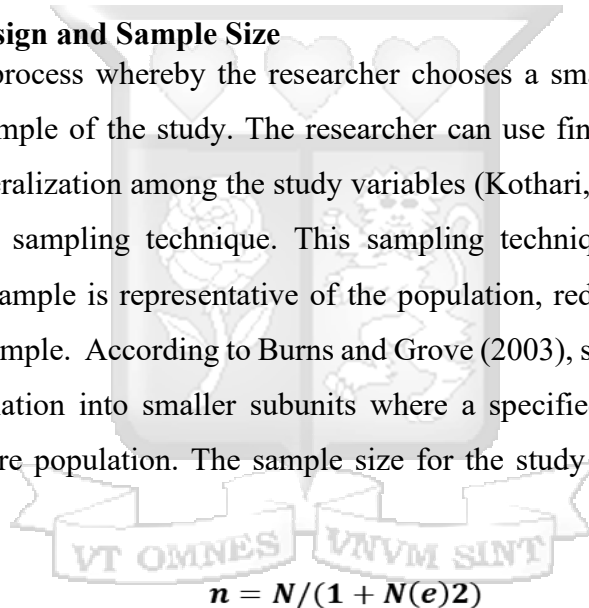
explore how the variables in this study are related to each other. Further, it supported the adoption of quantitative measures in determining relationship between variables.

### 3.4 Target Population

Denscombe (2002) described the target population as the total group of individuals from whom a sample can be drawn. This study focused primarily on privately owned SME healthcare facilities in Nairobi County. According to the Kenya Master Health Facility List (August 2022), there were 862 healthcare facilities that fell under the SME category in Nairobi. The reason for selecting Nairobi County was due to the high concentration of healthcare providers and further serves as a representative sample of urban healthcare dynamics.

### 3.5 Sampling Design and Sample Size

Sampling is the process whereby the researcher chooses a small number of individuals from the main sample of the study. The researcher can use findings from the sample to make simple generalization among the study variables (Kothari, 2008). The study utilized stratified random sampling technique. This sampling technique was adopted since it ensures that the sample is representative of the population, reduces errors and increases precision of the sample. According to Burns and Grove (2003), stratified random sampling divides the population into smaller subunits where a specified number of respondents represent the entire population. The sample size for the study was calculated as shown below;



Where: n = sample size required

N = size of the population = 862

e = margin of error = 0.05

$$n = 862 / 1 + 862 (0.05)^2$$

$$n = 275 \text{ participants}$$

### **3.6 Data Collection Instruments**

Data collection is the exercise of collecting, measuring and analyzing accurate data for the study using standard approaches (Mugenda & Mugenda, 2003). This study collected data using questionnaires that was administered to participants in the selected entities. The research questionnaire was developed in line with the objectives of the study utilizing a 5-point Likert scale. The use of the structured questionnaires ensured there is uniformity in the collected study data, eased the data collection process as well as the analysis of the data using quantitative techniques. The questionnaires was arranged into three main sections; Section A covered the demographic information, Section B the change management and Section C the performance of the institutions.

The data collection procedures entail the various steps that are undertaken by the researcher in the process of obtaining information from the research participants (Kothari, 2010). The researcher ensured that necessary approvals are obtained from relevant authorities as well as the supervisor prior to conducting the field work. The study utilized drop and pick method which ensures there is physical contact with the participants to ensure that any technical aspects are explained. If not possible to utilize this approach in the facilities, Google form was utilized.

### **3.7 Research Quality**

The quality of the research instrument focuses on determining the questionnaire's reliability and validity. The study conducted a pretest with 10% of the sample size (n = 28) who were not considered in the main research.

#### **3.7.1 Reliability Test**

According to Robert et al. (2006), reliability examines how the results of certain tests, procedures and instruments including questionnaire was similar if employed by various users and at varied times. Reliability checks of the instrument is critical in ensuring that the adopted tool can be applied in repeat studies and provided consistent results (Mugenda & Mugenda, 2003). The survey relied on the Cronbach Alpha tests to determine research's internal consistency. A benchmark Alpha score of above 0.7 was considered in this survey in determining how reliable the research instrument adopted is. The survey showed that strategic leadership ( $\alpha = .848$ ), technological changes ( $\alpha = .765$ ), organizational culture ( $\alpha$

= .815) and performance of healthcare sector ( $\alpha = .760$ ) confirming internal consistency in the questionnaire.

### **3.7.2 Validity Test**

Validity tests seek to describe how well an instrument measures a characteristic. It calculates how well the study data corresponds to a variable or construct (Mugenda & Mugenda, 2003). External validity is the ability to use the study results confidently for others and in other circumstances. It ensures that the representative sample of the population is drawn and that relevant variables are considered. Internal validity was determined through pilot testing. The research utilized content validity that was conducted with the help of the research supervisor in revising the questionnaire to ensure there is completeness in the instrument. Construct validity was also utilized to determine that all operationalized variables are included in the questionnaire.

### **3.8 Data Analysis and Presentation**

Data analysis is the application of statistical and/or logical techniques to evaluate data. Descriptive analysis described findings as percentages, frequencies mean, and standard deviations. This approach helps the researcher to synthesize large data in a meaningful and sensible way. According to Schwandt (2007), descriptive analysis generates accessible information from otherwise un-interpreted data. Once the data was collected from the respondents, it was coded and organized in excel and entered in the statistical package for social sciences (SPSS) software. The analysis of this data was carried out by using descriptive statistics through computation of the frequencies, means, percentages and standard deviations. The study further adopted Spearman correlation was used to ascertain the relationship between study variables. Lastly regression analysis was performed to determine the magnitude of the relationship between change management and organization performance using the equation below:

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

Where Y = Performance of organization

B = Beta of respective variables

$X_1$  = Strategic leadership

$X_2$  = Technological changes

$X_3$  = Organizational culture

$\varepsilon$  = Error

### **3.9 Ethical Consideration**

The study fulfilled the ethical criteria provided for in the research methodology guideline of Strathmore Business School. All the targeted SMEs received an introductory letter from the University to qualify the rationale for the study. Importantly, the researcher treated information rendered by participants as confidential and research permits was sought from the National Commission for Science, Technology and Innovation (NACOSTI) as a means of ensuring that all research regulations are adhered to. The study ensured that all the collected survey data was only used for the stated academic aims.

### **3.10 Chapter Summary**

This chapter captured the methodological procedures that were applied in conducting the study. The chapter identified the philosophy and the research design that were appropriate in solving the research problem. The chapter provided details on the population of interest and the research instruments. Lastly, the data analysis approaches were identified and the ethical considerations that were adhered to during the course of the study.

## CHAPTER FOUR

### PRESENTATION OF RESEARCH FINDINGS

#### 4.1 Introduction

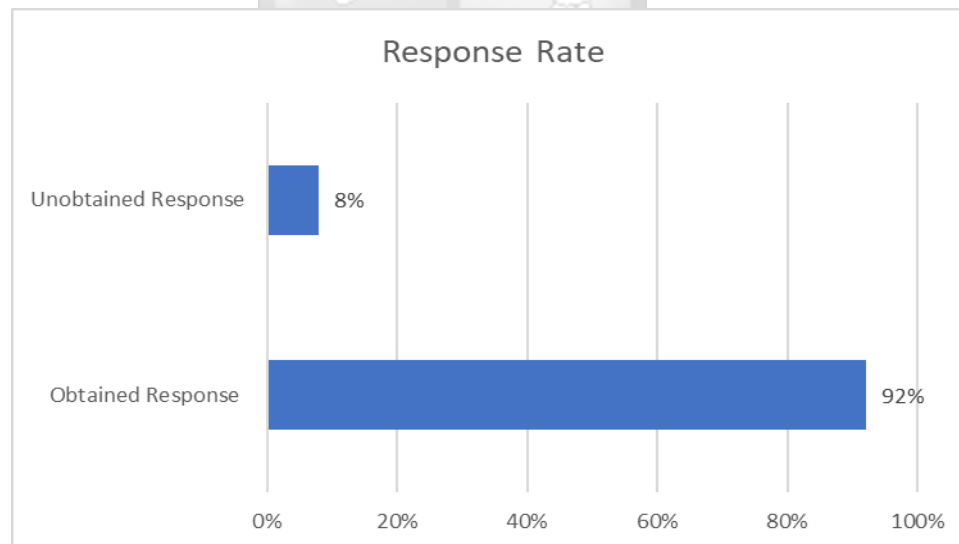
This chapter focuses on the results and findings around the study subject area focusing on the descriptive and inferential analysis. The main areas in the chapter covered the response rate and demographic information, descriptive analysis, correlation and regression analysis.

#### 4.2 Response Rate and Background Information

The analysis of the study focused on the response rate drawn for the survey and the background information of the participants focusing on their gender, education, number of employees, experience level and involvement in change management.

##### 4.2.1 Response Rate

The research was conducted between the months of April to July 2024 seeking to obtain study data from 275 health SME facilities within Nairobi County. The research obtained 254 responses representing a 92% response rate which demonstrated the participation was successful and the findings drawn from the analysis can be representative of the population of the study.



**Figure 4.1 Response Rate**

#### 4.2.2 Background Information

The focus of this section was to present the demographic information on the respondents involved in the study.

##### 4.2.2.1 Gender of Respondents

The research focused on the gender representation of the senior managers drawn from the the selected Healthcare providers in Nairobi County. The results are shown in Table 4.1

**Table 4.1 Gender of Respondents**

	Frequency	Percent
Male	163	64.2
Female	91	35.8
Total	254	100.0

The results demonstrate that 64% (n =163) of the senior managers were male employees and 36% were female. This revealed that the majority of the senior employees within the healthcare provider facilities were male showing there was high concentration of males within executive positions.

##### 4.2.2.2 Highest Education Qualification

The survey further evaluated the education qualification of the senior managers within the facility and results are shown in Table 4.2

**Table 4.2 Highest Education Qualification**

	Frequency	Percent
College	55	21.7
Undergraduate	110	43.3
Postgraduate	81	31.9
Other	8	3.1
Total	254	100.0

According to the data most of the respondents 43% had an undergraduate degree, 32% a postgraduate degree and 22% a college diploma. This demonstrated high education qualification among managers running the healthcare provider facilities within the county.

#### 4.2.2.3 Number of Employees in Facilities

The respondents were asked to indicate how many employees are retained within the facility and results are shown in the Table below.

**Table 4.3 Number of Employees in Facilities**

	Frequency	Percent
0 – 25	221	87.0
26 – 51	23	9.1
Over 51	10	3.9
Total	254	100.0

According to the data, 87% of the healthcare facilities had at least 0-25 employees, 9% of the facilities had 26-51 employees and 4% over 51 employees. The research showed that a majority of the firms involved were within the SME categorization due to the number of employees being at least 50.

#### 4.2.2.4 Length of time at Healthcare Facility

The respondents' years of service within the healthcare provider facilities was analyzed and findings are shown in Table 4.4

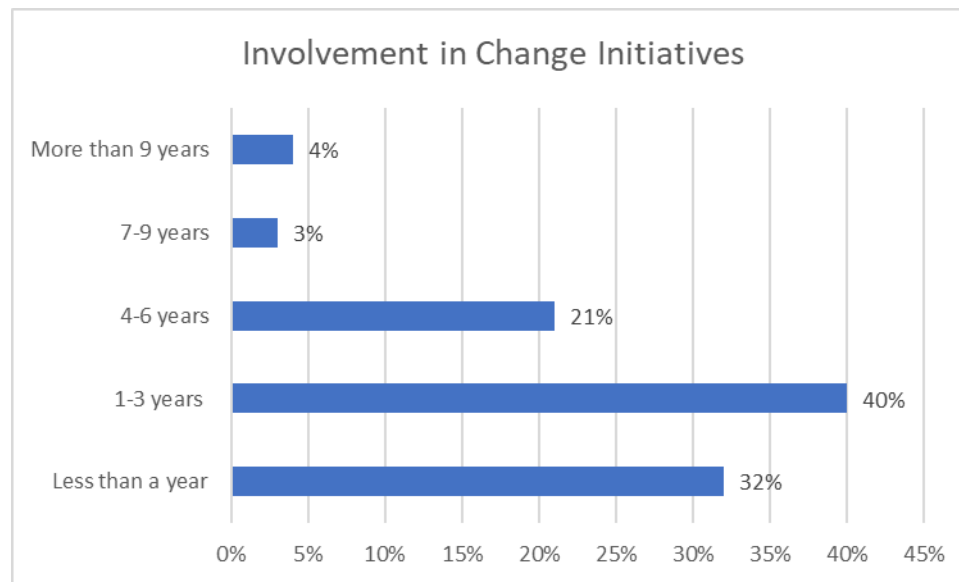
**Table 4.4 Length of Experience**

	Frequency	Percent
Less than 1 Year	35	13.8
1-3 years	53	20.9
4-6 years	54	21.3
7-9 years	77	30.3
More than 9 years	35	13.8
Total	254	100.0

The findings show that most of the respondents 30% had worked for 7-9 years, 21% for 4-6 years and 1-3 years respectively and 14% for over 9 years. This demonstrated that managers considered in the survey have diverse work experience thus can provide information on how change management has been executed within the healthcare facilities.

#### 4.2.2.5 Involvement in Change Management Initiatives

Findings showed that 40% of the respondents have been involved in change management initiatives for at least 1-3 years, 32% for less than a year, 21% for 4-6 years and 4% for more than 9 years. This indicated the respondents to some degree have experience in executing change initiatives thus can provide adequate information to solve the study problem.



**Figure 4.2 Involvement in Change Management Initiatives**

#### 4.3 Descriptive Analysis

Descriptive analysis was conducted to summarize the responses obtained from the structured questionnaire. The research applied mean and standard deviation in the analysis. The composite means for each variable was applied in the study for inferential analysis of the research.

##### 4.3.1 Strategic Leadership

The research objective focused on how strategic leadership influences the performance of SMEs within the healthcare sector in Nairobi County. The summary of the results is shown in Table 4.5

**Table 4.5 Descriptive Summary of Strategic Leadership**

	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Strategic leadership promotes innovation and creativity in the organization	254	4.2767	.72548
A compelling vision and mission affect the performance of the organization	254	3.8893	1.04064
The organization's leaders support the continuous professional development of their employees	254	3.6719	1.14047
The organization leaders reward ethical conduct by staffs	254	3.9921	.93856
Strategic planning contributes to excellent performance of the organization	254	4.3123	.74624
The organization tasks its leaders with the execution of employee motivation process	254	3.8696	.88348
<b>Composite Mean</b>		<b>4.0019</b>	<b>0.9124</b>

The average mean of the study of 4.0019 indicated there was agreement that strategic leadership was being undertaken within the firm. Further the study noted there was strong agreement (mean = 4.3123) that strategic planning contributes to excellent performance of the organization. Respondents strongly agreed that strategic leadership promotes innovation and creativity in the organization (mean = 4.2767). The participants agreed (mean = 3.6719) that organization leaders support the continuous professional development of their employee.

#### **4.3.2 Technological Changes**

Further, the study focused on the effect of technological changes on the performance of SMEs within the healthcare sector in Nairobi County. The summary of the results is shown in Table 4.6

**Table 4.6 Descriptive Summary of Technological Changes**

	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Technology changes affect the performance of your organization	254	3.1028	1.25882
Technology changes have had a significant effect on the manner in which tasks and processes are done in the organization	254	3.5336	1.04836
The organization adequately prepares and trains employees before introducing any new technologies and systems	254	3.8142	.85046
The organization has improved investment in technical infrastructure to enhance digitalization of services	254	3.5810	.97913
Technology has made work easier when dealing with both internal and external customers	254	3.8300	1.01515
Technology considered a key objective within the Company's Policy Framework	254	3.6403	1.00449
The organization has developed new technical systems to enhance the response to customers	254	3.8458	.96154
<b>Composite mean</b>		<b>3.6211</b>	<b>1.01685</b>

The average findings showed to a degree (mean = 3.6211) there were technological changes that were taking place within the healthcare facilities considered in the study. Findings revealed agreement (mean = 3.83) that technology has made work easier when dealing with both internal and external customers. Results showed agreement (mean = 3.8458) the organization has developed new technical systems to enhance the response to customers. According to the analysis, findings showed agreement that the organization has improved investment in technical infrastructure to enhance digitalization of services (mean = 3.581). Participants moderately agreed (mean = 3.1028) that technology changes affect the performance of your organization.

### 4.3.3 Organization Culture

The research objective focused on how the organization culture influences the performance of SMEs within the healthcare sector in Nairobi County. The summary of the results is shown in Table 4.7

**Table 4.7 Descriptive Summary of Organization Culture**

	N	Mean	Std. Deviation
Organizational culture has a positive effect on the changes that take place in the organization	254	4.1186	.82722
Management behaves in a manner that creates a pleasant working climate in the organization	254	4.2451	.79882
The organizational culture promotes hard work and strives for excellence	254	4.0751	.81546
Workforce diversity gives rise to various sub cultures in the organization that makes it hard to achieve successful changes	254	2.9526	1.37355
Changes contribute to creating a learning organization that increases the overall knowledge of workers	254	3.8419	.91651
The organization has put in place laid-down strategies to improve diversity within our workforce	254	3.9763	.86340
<b>Composite mean</b>		<b>3.8682</b>	<b>0.9324</b>

The average results (mean = 3.8682) showed agreement that the culture within the organization was key to change being adopted in the facilities. According to the analysis, there was strong agreement (mean = 4.2451) the management behaves in a manner that creates a pleasant working climate in the organization. Results showed strong agreement that organizational culture has a positive effect on the changes that take place in the organization (mean = 4.1186). There was agreement among respondents that the organization has put in place laid-down strategies to improve diversity within our workforce (mean = 3.9763).

#### 4.3.4 Performance of SMEs within the Healthcare Sector

The dependent variable evaluated the performance of the SMEs in the healthcare sector and the summary results are shown below.

**Table 4.8 Descriptive Summary of Performance of SMEs**

	N	Mean	Std. Deviation
The quality of services has increased in the organization compared to the previous years	254	4.0672	.86340
The organization's cost of service delivery has reduced due to adoption of effective change management initiatives	254	3.5692	1.12342
The organization's market share has improved as a result of the change management process introduced	254	3.9289	.91443
Profitability level of the organization has improved due to the changes initiated	254	3.8142	.96418
Organization revenues have increased in the last five years	254	3.8775	1.04122
The organization has seen an improvement in the productivity of our employees	254	3.9921	1.02737
The organization has seen a reduction in customer complaints signifying improved customer service	254	3.9881	.83325
<b>Composite mean</b>		<b>3.8910</b>	<b>0.9667</b>

The overall findings were indicative of a positive outcome in the performance of the healthcare facilities (mean = 3.891). The analysis showed agreement that the quality of services has increased in the organization compared to the previous years (mean = 4.0672). The respondents were in agreement (mean = 3.9289) that the organization's market share has improved as a result of the change management process introduced. According to the study there was agreement (mean = 3.8775) the organization revenues have increased in the last five years. Findings showed agreement that the organization's cost of service delivery has reduced due to adoption of effective change management initiatives (mean = 3.5692).

#### 4.4 Correlation Analysis

Correlation tests were performed to establish the relationship between the variables. Spearman correlation coefficient (r) indicates the strength of a linear relationship between two variables, with a range between -1 and +1. The results are shown in Table 4.9

**Table 4.9 Correlation Results**

			Performance Of Healthcare	Strategic Leadership	Technological Changes	Organization Culture
Spearman's rho	Performance Of Healthcare	Correlation Coefficient	1.000			
		Sig. (2- tailed)	.			
		N	254			
Strategic Leadership		Correlation Coefficient	.169**	1.000		
		Sig. (2- tailed)	.007	.		
		N	254	254		
Technological Changes		Correlation Coefficient	.117**	-.001	1.000	
		Sig. (2- tailed)	.001	.984	.	
		N	254	254	254	
Organization Culture		Correlation Coefficient	.135*	.060	.105	1.000
		Sig. (2- tailed)	.032	.342	.096	.
		N	254	254	254	254

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

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

The findings of the study revealed there existed a weak positive and statistically significant linear association between strategic leadership and performance of SMEs within the healthcare sector Nairobi County, Kenya,  $r(254) = .169^{**}$ ,  $p < .05$ ). The correlation test further confirmed a weak positive and statistically significant linear association between technological changes and performance of SMEs within the healthcare sector Nairobi County, Kenya,  $r(254) = .117^{**}$ ,  $p < .05$ ). According to the results there was a weak positive and statistically significant linear association between organization culture and performance of SMEs within the healthcare sector Nairobi County, Kenya,  $r(254) = .135^{**}$ ,  $p < .05$ ).

#### 4.5 Regression Analysis

Regression analysis was performed in the research to examine the strength of predictive variables against the dependent variable. The multiple regression findings are shown in the Table below.

**Table 4.10 Regression Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.623 <sup>a</sup>	.388	.381	.39743

a. Predictors: (Constant), Organization Culture, Strategic Leadership, Technological Changes

The linear regression model summary was used to establish the magnitude of the existing relationship between change management and performance of SMEs within the healthcare sector Nairobi County, Kenya. The coefficient of determination  $R^2 = .388$ ; show that change management explained 38.8% of the variance in the performance of SMEs within the healthcare sector Nairobi County, Kenya.

**Table 4.11 ANOVA Summary**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.054	3	.685	4.335	.005 <sup>b</sup>
	Residual	39.329	250	.158		
	Total	41.383	253			

a. Dependent Variable: Performance of Healthcare

b. Predictors: (Constant), Organization Culture, Strategic Leadership, Technological Changes

Anova analysis was performed to determine the statistical significance of the model and findings revealed there existed a positive and statistically significant linear relationship between change management and performance of SMEs within the healthcare sector Nairobi County, Kenya ( $F(3, 250) = 4.335, p < .05$ ).

**Table 4.12 Regression Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.625	.378		6.936	.000
	Strategic Leadership	.163	.059	.171	2.766	.006
	Technological Changes	.120	.054	.023	2.222	.001
	Organization Culture	.140	.065	.135	2.164	.031

a. Dependent Variable: Performance of Healthcare

$$Y = 2.625 + .163X_1 + .120X_2 + .140X_3 + .378$$

*To investigate the impact of technological changes on the performance of SMEs within the healthcare sector in Nairobi County.*

The analysis of the first objective confirmed a positive and significant effect of technological changes  $\beta_2 = .120$ ,  $t = 2.222$ ,  $\text{sig} = .001$  indicating a significant effect on the performance of SMEs within the healthcare sector Nairobi County, Kenya. This showed a unit change in technological changes will lead to improvement in performance by a factor of .120.

*To examine the extent to which strategic leadership influences the performance of SMEs within the healthcare sector in Nairobi County.*

The regression findings revealed a coefficient of strategic leadership  $\beta_1 = .163$ ,  $t = 2.766$ ,  $\text{sig} = .006$  indicating a significant effect on the performance of SMEs within the healthcare sector Nairobi County, Kenya. This showed a unit change in strategic leadership will lead to improvement in performance by a factor of .163.

*To establish the degree to which organizational culture affects the performance of SMEs within the healthcare sector in Nairobi County.*

According to the analysis there was a coefficient  $\beta_3 = .140$ ,  $t = 2.164$ ,  $\text{sig} = .031$  indicating a significant effect on the performance of SMEs within the healthcare sector Nairobi County, Kenya. This showed a unit change in organization culture will lead to improvement in performance by a factor of .140

#### 4.6 Chapter Summary

This chapter covers the findings of analysis based on the objectives that guided the study.

It focuses on response rate, reliability results, the analysis of the general information, descriptive as well as inferential analysis.



## CHAPTER FIVE

### DISCUSSION, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

The chapter presents the summary of findings and discusses them based on the previous studies. The chapter then presents the conclusion and recommendations. Lastly, the chapter highlights the areas for further research that can be conducted in the future.

#### 5.2 Summary of Study

The purpose of this study was to determine the impact of change management on performance of small and medium enterprises within the healthcare sector in Nairobi County. This study was anchored on three specific objectives namely to examine the effect of strategic leadership change on performance of SMEs within the healthcare sector, to investigate the effect of technological changes on the performance of small and medium enterprises within the healthcare sector and to establish the degree to which organizational culture change affects the performance of SMEs within the healthcare sector. The study variables were informed by Kotter's 8 step change model and Lewin's 3 step model. The dependent variable was informed by the balance scorecard model. The collected data was analyzed using correlation and regression analysis.

The findings from the correlation tests revealed that there existed a weak positive and statistically significant linear association between strategic leadership and performance of SMEs within the healthcare sector Nairobi County, Kenya. The correlation tests further confirmed a weak positive and statistically significant linear association between technological changes and performance of SMEs within the healthcare sector Nairobi County, Kenya. According to the results there was a weak positive and statistically significant linear association between organization culture and performance of SMEs within the healthcare sector Nairobi County, Kenya.

Findings from the regression analysis revealed that there existed a positive and statistically significant linear relationship between change management and performance of SMEs within the healthcare sector Nairobi County, Kenya. The regression findings further revealed a significant effect on the performance of SMEs within the healthcare sector Nairobi County, Kenya. The analysis of the second objective confirmed a positive and

significant effect of technological changes on the performance of SMEs within the healthcare sector Nairobi County, Kenya. Lastly, there was a significant effect of organization culture on the performance of SMEs within the healthcare sector Nairobi County, Kenya.

### **5.3 Discussion of Findings**

Findings from the regression analysis revealed that there exists a positive and statistically significant linear relationship between change management and performance of SMEs within the healthcare sector Nairobi County, Kenya. The study findings align with theoretical frameworks adopted in the study including Kotter's 8-Step Change Model, Lewin's 3-Step Model, and the Balanced Scorecard model. These theories provide valuable insights into the mechanisms through which effective change management contributes to improved performance outcomes.

Lewin's model focuses on three key stages of the change process: unfreezing, changing, and refreezing. Unfreezing involves preparing the organization for change by creating awareness of the need for change. Changing involves implementing the desired change, while refreezing involves stabilizing the change and integrating it into the organization's culture. The study findings can be attributed to the successful execution of Lewin's model. Effective change management involves unfreezing existing behaviors and practices, implementing change initiatives, and then solidifying those changes to ensure they become ingrained in the organization's culture and processes.

Kotter's model provides a structured approach to managing organizational change effectively. The positive relationship between change management and SME performance aligns with Kotter's model, particularly steps such as creating urgency, communicating a vision, empowering employees, and consolidating improvements. Effective change management in SMEs involves implementing these steps to ensure successful adaptation to new processes, technologies, or strategies. The study findings reinforce the importance of Kotter's model and the Lewin's model in guiding change initiatives within healthcare SMEs. Implementing the steps outlined in the models can lead to improved performance outcomes, including enhanced productivity, efficiency, and customer satisfaction.

### **5.3.1 Strategic Leadership and Performance of Healthcare Sector SMEs**

The findings revealed a positive and significant effect of strategic leadership on the performance of SMEs within the healthcare sector Nairobi County, Kenya. The study aligns with Duursema (2013) assertion that strategic leadership includes organizational creativity, focusing on customer needs, and operational efficiency. The study findings corroborate that leaders who excel in these areas significantly enhance the performance of their organizations and by promoting innovation and customer-centric strategies, strategic leaders drive both immediate and long-term performance improvements.

The study findings also support Cater and Pucko's (2010) argument that motivating employees is crucial in change management. The positive effect of strategic leadership on performance in the findings suggests that leaders who effectively motivate their employees and engage them in the change process can significantly improve organizational outcomes and therefore consistent with the notion that employee motivation and engagement are critical to successful strategy implementation. The study findings further align with research by Ndinjiakat (2019) who highlights the importance of strategic leadership in managing change and ensuring continuity.

The study was also corroborated by Jimad et al. (2020) who found a positive impact of leaders' attitudes, competence, credibility, and transparency on performance. Both studies highlight the importance of these leadership attributes in driving organizational success, regardless of the sector. Additionally, Senaji and Galperin's (2017) emphasis on vision, influence, and result-oriented leadership aligns with the study findings that strategic leadership significantly enhances performance. Leaders who articulate a clear vision and effectively influence their teams contribute to improved organizational outcomes. Kirimi and Minja (2010); Gilley et al. (2009) also highlighted the importance of articulating a company vision and directing the organization towards this vision which is strongly supported by the current study findings. Findings from the three studies suggest that strategic leadership that clearly communicates and aligns the organization with its vision is critical for sustainable competitive advantage.

The study was however contrasted by Mehralian et al. (2020) who found no direct relationship between managerial skills and performance, while the current study indicates

that strategic leadership directly and positively impacts performance. This difference might be attributed to the different cultural contexts as the study was based on Islamic-dominant Iran as compared to Nairobi, highlighting the importance of contextual factors in leadership effectiveness.

### **5.3.2 Technological Changes and Performance of Healthcare Sector SMEs**

The analysis of the second objective confirmed a positive and significant effect of technological changes on the performance of SMEs within the healthcare sector in Nairobi County, Kenya. The study findings were consistent with Margarida, Maria, and Madalena (2016) who highlighted that technological capability significantly impacts organizational innovation and performance. Both studies show the importance of technology in enhancing innovation and overall organizational performance, despite focusing on different sectors. Kossai and Piget (2014) also showed significant impacts on innovation capacity and performance. Similarly, the current study confirms that technological changes, including ICT adoption, have a positive and significant effect on the performance of healthcare SMEs. The alignment here suggests that there are benefits of technological adoption in terms of innovation and performance across various sectors.

The study findings were also in line with Muzaffar et al. (2014) whose study found that IT capability positively influences employee productivity and financial performance. The current findings align with this, as the adoption of new technologies in healthcare SMEs also enhances employee efficiency and overall performance. The parallel here emphasizes that technological capability is crucial for improving operational efficiency and service delivery. Similarly, Imran (2014) revealed that technological changes positively impact employee motivation and training, which in turn enhances performance. The current findings are consistent with this, showing that introducing new technologies in SMEs not only improves performance but also motivates and engages employees through training and skill development. The study findings were also consistent with Isanda (2020) who indicated that change management strategies, including technological changes, improve performance and productivity similar to the current study findings.

The study findings were however not fully consistent with Matelong (2019) who found that certain technologies are more significant than others in certain areas of performance.

This study emphasized the significance of selecting appropriate technologies while the current study did not differentiate between specific technologies.

### **5.3.3 Organization Culture and Performance of Healthcare Sector SMEs**

Lastly, there was a significant effect of organization culture on the performance of SMEs within the healthcare sector Nairobi County, Kenya. The study aligns with Lee et al.'s (2016) assertions that proper management of organizational culture forms the basis of change management. The current study findings suggest that a strong organizational culture drives employee performance, which is essential for sustained competitiveness supporting the notion that culture plays a crucial role in change management and performance improvement efforts.

The study by Maina (2018) also supports the current study findings by highlighting the positive effect of change management on organizational performance. While the study by Maina (2018) focuses on workplace and technology change management in the financial sector, the current study extends this understanding to the healthcare sector, indicating that effective change management, including cultural change, positively impacts performance. The positive effect of organizational culture on employee performance found in research by Shahzad et al. (2012) is consistent with the current study. Shared values and standards within an organization enhance employee productivity by shaping their behavior and attitudes. This reinforces the importance of cultivating a positive and supportive culture to drive performance.

The study by Isanda (2020) which evaluated the effect of change management practices on county government staff performance, also aligns with the current findings by highlighting the significant role of cultural change management in driving employee engagement and service delivery. The current study supports this understanding by suggesting that formalizing cultural change elements can enhance employee performance and service delivery. The findings were further corroborated by Milimu (2016) who shows the importance of organizational culture in driving performance. Although Milimu's research focuses on the construction sector in Kenya, both studies recognize the impact of culture on organizational performance showing the similarities in the approach to cultural change management among SMEs.

#### **5.4 Conclusions**

The study concludes that strategic leadership plays a crucial role in driving organizational success, as evidenced by the high mean scores across various dimensions of leadership and performance. The study suggests that leaders who emphasize strategic thinking and innovative approaches are instrumental in fostering a culture of creativity, which in turn enhances overall organizational performance. The study also notes that organizations with leaders who effectively communicate a compelling vision and mission are more likely to experience improved performance outcomes. The study also indicates that leaders' support for continuous professional development is a critical factor in enhancing employee skills and competencies suggesting that investment in employee development is a strategic priority for successful healthcare SMEs. The study also notes the strategic planning's contribution to organizational performance which ensures that organizational goals are clearly defined and pursued systematically, leading to enhanced performance.

Based on the study findings, the study concludes that the adoption and implementation of technological advancements play a critical role in enhancing the efficiency and effectiveness of organizational operations. The study indicates that organizations that adequately prepare and train their employees before introducing new technologies see better performance outcomes. Furthermore, the study shows that investment in technical infrastructure is a key driver of digitalization efforts and organizations that prioritize technical infrastructure improvements are better positioned to enhance service delivery and overall performance. The study also suggests that technological tools and systems greatly enhance operational efficiency and customer interactions and organizations that embed technology within their strategic policies as well as invest in new technical systems tend to perform better. The study also highlights that technology adoption enhances efficiency in executing tasks and managing processes within healthcare SMEs.

The study also concludes that a positive organizational culture is instrumental in driving change, enhancing employee satisfaction, and promoting excellence, all of which contribute to improved organizational performance. A supportive organizational culture facilitates smooth transitions and adaptations to new practices and policies. The study suggests that an organizational culture that emphasizes values such as hard work leads to higher performance levels by motivating their employees to perform at their best. The

findings also suggest that organizational changes contribute to creating a learning organization fostering continuous improvement and increasing the overall knowledge of workers, enhancing their capabilities and performance. The study also indicates that organizations have implemented strategies to improve workforce diversity. These strategies are essential for harnessing the benefits of a diverse workforce and ensuring inclusive growth and innovation. The study also noted that while diversity can present challenges in achieving cohesive changes, it also offers opportunities for varied perspectives and innovation.

## **5.5 Recommendations**

### **5.5.1 Policy Recommendations**

The study recommends that the relevant regulatory body partners with educational institutions and industry experts to provide training and certification programs that focus on developing strategic leadership skills among SME leaders. These programs should cover innovation management, vision and mission alignment, ethical leadership, and strategic planning. Additionally, the government should develop a strategic leadership framework that outlines best practices and guidelines for leaders in healthcare SMEs and distribute the framework through industry associations and regulatory bodies for implementation.

The study also recommends that the government should introduce grants and subsidies to support the adoption of advanced technologies in healthcare SMEs. The government can allocate these funds or seek international grants and partnerships to provide financial assistance which can be used for purchasing equipment, software, and training employees. The study also suggests that the government mandate digital literacy and training programs to ensure employees are well-prepared for technological changes. This can be achieved by collaboration with technology providers and educational institutions to offer regular training sessions.

### **5.5.2 Practice Recommendations**

The study recommends that organizations should encourage a culture that supports innovative thinking by providing resources and time for experimentation. This could be achieved by implementing regular brainstorming sessions and innovation workshops. The study also suggests that managers and leaders should clearly communicate the

organization's vision and mission to all employees as well as aligning organizational goals with the vision and mission to ensure everyone is working towards common objectives. The study also recommends investing in continuous professional development programs for employees. This may involve providing access to training, workshops, and seminars relevant to their roles. Additionally, organizations should implement motivational strategies for employees such as performance-based incentives and career advancement opportunities.

The study recommends that organizations should regularly evaluate new technologies and their potential impact on operations. This will help the organizations stay updated with industry trends and technological advancements. Organizations should also provide comprehensive training programs before introducing new technologies as well as develop a support system for employees to address technological challenges. Organizations should also ensure that infrastructure investments align with organizational goals and performance needs and allocate the necessary resources for upgrading technical infrastructure to support digitalization. This can aid in streamlining communication and feedback mechanisms with customers therefore improving customer response and service delivery.

The study also recommends that organizations should promote behaviors and practices that create a pleasant and motivating work climate. This may also include recognizing and celebrating achievements to boost morale and job satisfaction. Leadership should also embed values of hard work and excellence into the organizational culture. This may be followed up by setting clear performance expectations and provide the necessary tools and support for employees to excel. The study also suggests development, and implementation of strategies to manage and leverage workforce diversity effectively. This may be achieved by providing diversity training and promote an inclusive work environment as well as ensuring diversity initiatives align with organizational goals and enhance overall performance. Organizations should also foster a learning organization by providing opportunities for professional development and skill enhancement.

### **5.6 Limitations of the Study**

Despite the significant findings from the study, the study experienced various limitations. First was the geographical limitation as the research was conducted within Nairobi County,

meaning that the results may not reflect the experiences of healthcare SMEs in other regions of Kenya. Furthermore, the study relied on data collected through surveys and interviews, which are prone to self-reporting bias. Respondents might have overestimated or underestimated the effects of change management practices due to subjective perceptions rather than actual performance data. The researcher also notes that change management is a continuous process, and its long-term effects may not be immediately measurable. The study provides a snapshot of the relationship between change management and SME performance but may not capture long-term sustainability and evolving industry trends. Some SMEs may have also been reluctant to disclose challenges associated with change management due to concerns about business reputation or fear of exposing internal inefficiencies. This could have influenced the reliability of some responses.

### **5.7 Area for Further Research**

The study was focused on impact of change management on performance of small and medium enterprises within the healthcare sector in Nairobi County. Further research can be conducted on SMEs in other sectors to investigate whether certain industries exhibit unique challenges or opportunities for change implementation and performance improvement. Additionally, other counties in Kenya can be targeted creating an opportunity to make comparisons from the study findings. Researchers can also dive deeper into the relationship between each of the variables in change management and performance within SMEs.

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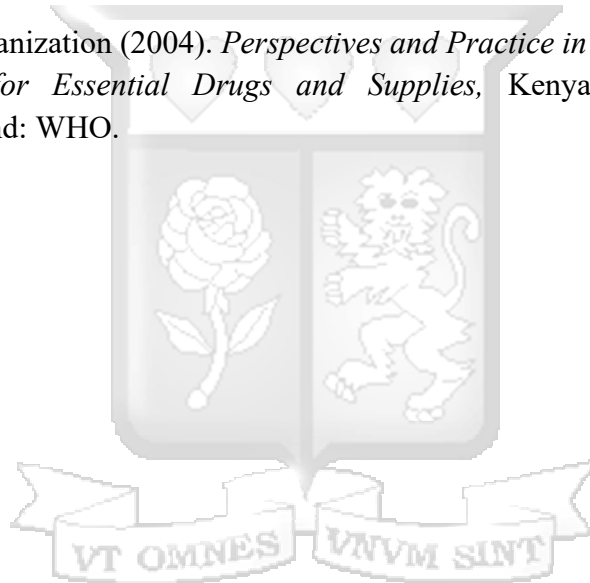
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## APPENDICES

### Appendix I: Introduction Letter

Ole Sangale Rd, Madaraka Estate,  
P.O Box 59857 00200, Nairobi, Kenya.  
Cell: +254 703 414/6/7, Twitter: @SBSKenya  
Email: [info@sbs.ac.ke](mailto:info@sbs.ac.ke) or visit [www.sbs.strathmore.edu](http://www.sbs.strathmore.edu)



Tuesday, March 12, 2024

To Whom It May Concern,

Dear Sir/ Madam.

**RE: FACILITATION OF RESEARCH – CHARITY WANJIRU GITHIGE**

This is to introduce Charity Wanjiru Githige who is a Master of Business Administration student at Strathmore University Business School, admission number MBA/135378/20. As part of our MBA Program, Charity is expected to do applied research and undertake a project. This is in partial fulfilment of the requirements of the MBA course. To this effect, she would like to request for appropriate data from your organization.

Charity is undertaking a research paper on "**Impact of Change Management on the performance of Small and Medium Enterprises within the Healthcare sector in Nairobi County**". The information obtained from your organization shall be treated confidentially and shall be used for academic purposes only.

Our MBA seeks to establish links with industry, and one of these ways is by directing our research to areas that would be of direct use to industry. We would be glad to share our findings with you after the research, and we trust that you will find them of great interest and of practical value to your organization.

We appreciate your support and shall be willing to provide any further information if required.

Yours sincerely,

A handwritten signature in black ink, appearing to be "Alois Njenga".

Alois Njenga,  
Manager – MBA Programs,  
Strathmore University Business School.

Association of African  
Business Schools



Strathmore Business School is a Proud member of:



**AACSB**

## Appendix II: Research Questionnaire

### INTRODUCTION

Dear Respondent,

My name is Charity Githige, a Master of Business Administration student at Strathmore University. I am conducting research on the impact of Change Management on the Performance of Small Medium Enterprises within Healthcare Industry in Nairobi County. You have been selected as a respondent in my study which is likely to take 20 minutes of your time. The questionnaire is strictly for academic purpose and the information rendered was kept confidential. Please fill it as accurately as possible by ticking the appropriate response or writing a brief explanation in the spaces provided.

Should you have any questions regarding this study, please contact me on [charity.githige@strathmore.edu](mailto:charity.githige@strathmore.edu)

### Section A: General Information

1. Gender of the respondent
  - a) Male
  - b) Female
2. Highest level of education
  - a) College
  - b) Undergraduate
  - c) Postgraduate
  - d) Other (please specify) .....
3. Number of employees in your organization
  - a) 0 – 25
  - b) 26 – 51
  - c) Over 51
4. For how long have you worked with your current Employer
  - a)  Less than 1 Year
  - b)  1-3 years
  - c)  4-6 years

- d)  7-9 years
- e)  More than 9 years
5. How long have you been involved in Change Management initiatives in the organization
- a)  Less than 1 Year
- b)  1-3 years
- c)  4-6 years
- d)  7-9 years
- e)  More than 9 years

### Section B: Change Management

Please indicate the degree to which you agree or disagree with the following statements concerning change management practices. Using the following ratings (1 - Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 – Agree, 5 - Strongly Agree). Tick where appropriate.

#### a) Strategic leadership

Statements	1	2	3	4	5
i. Strategic leadership promotes innovation and creativity in the organization					
ii. A compelling vision and mission affect the performance of the organization					
iii. The organization's leaders support the continuous professional development of their employee					
iv. The organization leaders reward ethical conduct by staffs					
v. Strategic planning contributes to excellent performance of the organization					
vi. The organization tasks its leaders with the execution of employee motivation process					

**b) Technological changes**

<b>Statements</b>	1	2	3	4	5
i. Technology changes affect the performance of your organization					
ii. Technology changes have had a significant effect on the manner in which tasks and processes are done in the organization					
iii. The organization adequately prepares and trains employees before introducing any new technologies and systems					
iv. The organization has improved investment in technical infrastructure to enhance digitalization of services					
v. Technology has made work easier when dealing with both internal and external customers					
vi. Technology considered a key objective within the Company's Policy Framework					
vii. The organization has developed new technical systems to enhance the response to customers					

**c) Organizational culture**

<b>Statements</b>	1	2	3	4	5
i. Organizational culture has a positive effect on the changes that take place in the organization					
ii. Management behaves in a manner that creates a pleasant working climate in the organization					

iii.	The organizational culture promotes hard work and strives for excellence					
iv.	Workforce diversity gives rise to various sub cultures in the organization that makes it hard to achieve successful changes					
v.	Changes contribute to creating a learning organization that increases the overall knowledge of workers					
vi.	The organization has put in place laid-down strategies to improve diversity within our workforce					

### Section C: Performance of Organization

Kindly indicate the extent to which you agree or disagree with the following statements concerning the impact of change management on performance of organization. Using the following ratings (1 - Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 – Agree, 5 - Strongly Agree). Tick where appropriate.

Statements	1	2	3	4	5
i. The quality of services has increased in the organization compared to the previous years					
ii. The organization's cost of service delivery has reduced due to adoption of effective change management initiatives.					
iii. The organization's market share has improved as a result of the change management process introduced					
iv. Profitability level of the organization has improved due to the changes initiated.					

v.	Organization revenues have increased in the last five years					
vi.	The organization has seen an improvement in the productivity of our employees					
vii.	The organization has seen a reduction in customer complaints signifying improved customer service					

**THANK YOU FOR YOUR PARTICIPATION**



## Appendix III: Ethical Review Approval



21<sup>st</sup> March 2024

Ms Githige Charity,  
charity.githige@strathmore.edu

Dear Ms Githige,

**RE: Impact of Change Management on the Performance of Small and Medium Enterprises within the Healthcare Sector in Nairobi County**

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** research proposal. Your application reference number is **SU-ISERC2031/24**. The approval period is from **21<sup>st</sup> March 2024 to 20<sup>th</sup> March 2025**.

This approval is subject to compliance with the following requirements:

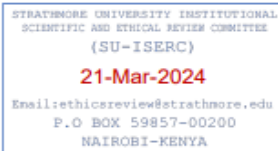
- i. Only approved documents including (informed consents, study instruments, MTA) will be used.
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
- iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
- v. Clearance for the export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Ambrose Rachier".

**Mr Ambrose Rachier,**  
Chairperson; SU-ISERC



Appendix IV: NACOSTI Research Permit

Ministry of Science, Technology and Innovation  
REPUBLIC OF KENYA  
Ministry of Science, Technology and Innovation  
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION  
Date of Issue: 18/March/2024

**RESEARCH LICENSE**



This is to Certify that Miss. Charity Wanjiru of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Res. 2014) in Nairobi on the topic: **IMPACT OF CHANGE MANAGEMENT ON THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES WITHIN THE HEALTHCARE SECTOR IN NAIROBI COUNTY** for the period ending : 18/March/2025.

License No: NACOSTIP/24/33923

Applicant Identification Number: 582870

Director General  
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

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