

## **EFFECTS OF EMPLOYEE SKILLS AND KNOWLEDGE ON EFFECTIVE ORGANIZATIONAL CHANGE: A CASE STUDY OF NATIONAL SOCIAL SECURITY FUND**

**Rose Asiago**

Master of Business Administration Student, Jomo Kenyatta University of Agriculture and Technology, Kenya

**Edward W. Ngao**

Corresponding Author, Jomo Kenyatta University of Agriculture and Technology, Kenya

**CITATION:** Rose, A. & Ngao, E. W. (2013). Effects of employee skills and knowledge on effective organizational change: A case study of National Social Security Fund. *International Journal of Social Sciences and Entrepreneurship*, 1 (7), 601-609.

### **ABSTRACT**

Change management has evolved considerably over decades, and experienced a major transformation in form and function amid a rapidly changing environment. Organisations have been compelled to acclimatize with the global trend or risk being irrelevant in today's dynamic business environment. Organisational change has become almost mandatory in order for firms to compete competitively not only in the local and region markets but also at a global perspective. This paper examined organizational change, focusing on the effect of change to organisational performance as its main objective. The paper further examined extensively the impacts of organisational change to performance through various theoretical and conceptual reviews. The conceptual framework on the study topic and discussed the variables involved. These variables are Employee Skills and Knowledge, Organizational Culture, Organizational Policies, Technological change and how they contribute to change management.

**Key Words:** *organizational change, organisational culture, change management & strategy, National Social Security Fund, NSSF*

### **Introduction**

Change within an organization often come about to make some type of improvement. Though intended to bring about positive effects, these changes often provoke a variety of emotions and feelings in those who are both directly and indirectly involved. Organizational change within a company or agency can come about for different reasons. Changes can be made to improve productivity or because of new management. Changes can be initiated by both external forces, factors outside of an agency, or by internal forces, initiated by an agency itself (Pendlebury,

1998). Changes can also follow events such as mergers, the launch of a new product, a new leader, a new technology or following an economic upturn or downturn (Harvard, 2005). According to Ivancevich *et al* (2008) changes within the organization arise in inter and extra organizational environment. Change by definition requires creating a new system which in turn always demands leadership although sometimes it is hard to drive people out of their comfort zones and these may lead to resistance. The emergent approach to change emphasises that change should not be perceived as a series of linear events within a given period of time, but as continuous, open-ended process of adaptation to changing circumstances and conditions (Burnes, 1996, 2004; Dawson, 1994). The emergent approach stresses the unpredictable nature of change, and views it as a process that develops through the relationship of a multitude of variables within an organisation. Apart from only being a method of changing organisational practices and structures, change is also perceived as process of learning (Altman & Iles, 1998).

According to the advocates of the emergent approach to change it is the uncertainty of both the external and internal environment that makes this approach more pertinent than the planned approach (Bamford & Forrester, 2003). To cope with the complexity and uncertainty of environment it is suggested that organisations need to become open learning systems where strategy development and change emerges from the way a company as a whole acquires, interprets and processes information about environment (Dunphy & Stace, 1993). The approach stresses a promotion of extensive and in-depth understanding of strategy, structure, systems, people, style and culture, and how these can function either as sources of inertia that can block change or alternatively, as levers to encourage an effective change process (Burnes 1996). It is seen that global forces are constantly pressurizing organizations not to ignore change because ignoring change will lead to being pushed out because it is not possible to ignore market change. Change is steadily evolving and organizations are continuously changing to ensure they deliver higher productivity, higher levels of activity and customer satisfaction resulting in profitability. Carnall (2007) notes that organizations have grown volumes, activity and profitability during a period in which ever more complex demands (for customer satisfaction and business ethics) have been added in the increasingly complex and diverse environments in which we operate. He also adds that due to this, organizations find it inevitable to ignore changes that come with these increased operations. He further suggest that global forces are constantly pressurizing organizations to conform to change because ignoring change will lead to an organization being rendered irrelevant in today's dynamic market. Therefore, for every organization to be healthy and productive there has to be change. Change in this case is inevitable and all it needs is to be systematically initiated so as to increase organizational effectiveness (Pattanayak 2009) concurs that change occurs as a result of fading organizational culture, as a sign of problems in the organization and goes on to suggest that corporate planning by its nature makes the demand that the organization should change and adapt to meet the challenges of the environment.

The National Social Security Fund (NSSF) is a body corporate established in 1965 through an Act of parliament Cap 258 of the Laws of Kenya as a provident Fund under the Ministry of Labour, to facilitate the pooling of contributions by formally employed workers to be redeemed

at retirement in order to avoid destitution, desperation and disharmony at the end of their working period. To achieve this NSSF was mandated to collect contributions from registered members and pay defined benefits according to contingencies stipulated in the Act. Initially the Fund operated as a government department under the Ministry of Labour but as its membership grew and its operations became complex, the NSSF Act was amended in 1987 to transform it into an autonomous State Corporation since 1988.

### General Objective

The general objective of this research was to assess the determinants of effective change management.

### Specific Objectives

1. To investigate the effects of policies on effective organizational change.
2. To analyze the effects of organizational culture on effective organizational change.
3. To investigate the effects of employee skills and knowledge on effective organizational change.
4. To analyze the effects of technology on effective organizational change.

### Conceptual Framework

The independent variables include organizational policies, organizational culture, employee skills and knowledge and technological changes which affects the dependant variable; Change management.

#### Conceptual Framework

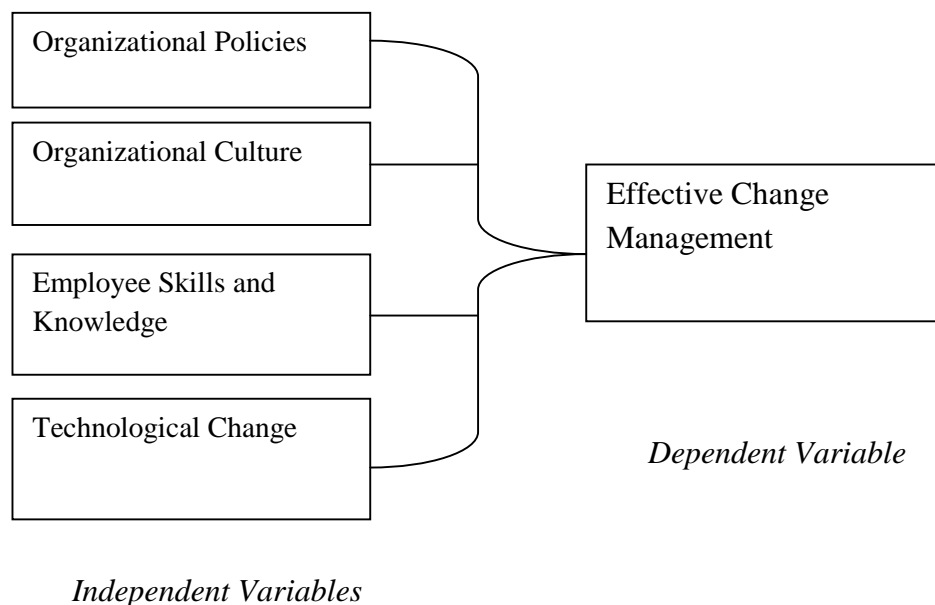


Figure 1:1: Conceptual Framework (Source: Author)

### Employee skills and knowledge

Because professional management experience shapes the knowledge, confidence, and imagination of managers, assessing managerial competence at the upper ranks requires an examination of the bundle of managerial experiences in the top management team (Penrose 1995; Van de Ven *et al.* 1984). Despite the recognition of the value of managers and their experience in converting firms' resources into rent-generating capabilities, little effort and attention have been devoted to developing a formal theory of multilevel experience-based top management competence. A theory of multilevel managerial experience is necessary to map out the fundamental differences in the knowledge bases represented by different levels of managerial experience. This paper develops a model of top management team competence that explains how management experience at firm, team (group), and industry levels adds value to entrepreneurial growth. In this study, firms that are engaged in new product and capability development are considered entrepreneurial. The model also incorporates the conflict effects of combining multiple levels of experience. A joint exploration of direct and conflict effects enables us to identify the bundle of managerial experience appropriate to achieve entrepreneurial growth.

Shared team-specific experience refers to managers' decision-making and implementation experience. A team's output is created collectively rather than as the sum of individual contributions Alchian and Demsetz (1972). The managers' shared experience in functioning together as a team includes discussions and debates on strategic decisions, during which managers accumulate the knowledge of each other's skills, limitations, and idiosyncratic habits (Barnard 1938, Penrose 1959). Shared team-specific experiences also include taking risks on behalf of the firm, committing to certain strategic actions under uncertainty, and jointly winning or losing as the top management team Kor and Mahoney (2000). Because each team is likely to be unique in its functioning, generic experience in teamwork cannot substitute for the experience of working with specific managers in a particular firm. Positive

### Literature Overview

Planned change initiatives developed with consideration of existing elements of organizational culture can target aspects of institutional performance that are consistent with its overall heritage and identity, making the change initiatives themselves an expression of existing strengths rather than a demonstration of areas of weakness (Bate *et al.*, 2000).

According to Chandler (1994) the importance of change management in an organisation, is to create efficiency and effectiveness in organisation's operations and policies. The ability of an organization to change direction or modify processes in anticipation of an environmental shift is the key to improving organizational policies. Effective organizations policies consistently require flexibility, agility and responsiveness to environmental conditions. Organizations also need to reduce their reliance on external consultants by building teams of capable staff who can deliver structured change programs that are managed and monitored robustly (Laud, 1994).

Employee performance depends highly on factors such as working condition, motivation and good leadership within the organisation. As organizations attempt to cope with a progressively more turbulent economic, technological, and social environment, they rely increasingly on their employees to adapt to change states Armenakis, Harris, & Mossholder, (1993). According to Karimi, Somers, and Gupta (2001), IT Management Sophistication has traditionally been used to characterize a firm's evolution in its management orientation, planning, organization, and control aspects of its IT function. In some firms the lack of clear organizational processes for effective IT management prevents them from using IT strategically. Greater IT management sophistication is characterized by the IT manager being aware of the firm's long-term strategic plans, the firm's future strategic plans being explicitly considered during IT planning and IT performance being evaluated based on contribution to the overall firm's objectives, and not exclusively on cost savings. Concomitantly, in firms with a high level of IT management sophistication, top management may be expected to have greater knowledge about IT and participate more actively during IT planning. This, in turn, would suggest that the IT function in a firm with higher levels of IT management sophistication would have evolved from the data processing orientation into the strategic IT orientation. Therefore technology contributes a lot in change management.

### **Research Methodology**

The study adopted a descriptive research design. A descriptive survey design allowed the researcher to gather information, summarize, present and interpret it for the purpose of clarification. The population of the study involved 128 top and middle managers of NSSF. This category of population was targeted because top managers are directly involved in the formulation and overseeing of full implementation of change in the organization. To effectively represent the true characteristics of the population, the sample size consisted of 25 top management and 50% of middle level management totaling to 77 respondents from NSSF organization, Coast & North Eastern Region. Where by the following strata in levels of management were applied. Data coding was assigned symbols to answers and classified responses. Data classification reduced data into homogeneous attributes that enabled the researcher to get meaningful relationships. The two statistical methods; descriptive and inferential analysis were applied to measure and determine the relationship that existed among the collected data. Descriptive analysis using percentages and mean were used to help to understand and interpret variables. After the data was collected, it was edited and coded following the variables in the study. This coded data was then classified and tabulated for efficient analysis. The sampled questionnaires were analyzed with the aid of SPSS using regression, descriptive statistics and are presented using frequency tables, pie charts and bar charts as would be found appropriate

### **Research Findings and Discussions**

The sample population of the research was 77, of which 77 questionnaires were administered but only 72 questionnaires were analyzed because there were five non-responses which represented 94% of all the responses. Section 1 of the questionnaire requested background information from

the respondents. Question 1 and Question 2 of Section A required the respondents to indicate their age group as well as their gender, in order to ascertain the demographic of the respondents.

The responses indicated the gender of the respondents to be 75% to be men and 25% to be female. Findings indicated that the highest frequency percentage age category was 36 - 45 (41.7%), then followed by the age categories 46 to 55 (30.6%). The age category 56 and above, had 13.9%, while 26 to 35 was represented by 12.5%. This implies that majority of the employees who works at NSSF are of the age bracket of 36 to 45 years. From the findings it was evident that most employees who were interviewed had worked for NSSF for a period of over 20 years. This was represented by 41.4% of the respondents. This implies that the information gotten from the respondents was authentic.

### **Academic Qualifications**

Question 5 under Section I aimed to determine the academic qualification of each respondent, in order to establish the level of understanding of the respondents as well as to determine the focus of each respondent's position. For the purpose of this study, the levels of qualification were divided into primary, secondary, college and university.

### **Effects of Employee Skills and Knowledge on Effective Organizational Change**

The effect of employee skills and knowledge on effective organizational change was tested in question 13. This question had five sub questions being rated on a likert scale. In question 13.1, majority of the respondents agreed that employee's skills and knowledge had brought positive change in the organization. They were represented by 37.5% who agreed and 30.6% who strongly agreed. In question 13.2, majority of the employees agreed that employees training and development is one of the key strategies to reengineer change management in the organization. This is because 48.6% strongly agreed while 25.0% agreed with the statement.

The effect of employee's skills and knowledge on organization bureaucracy was tested in question 13.3. Majority of the respondents (26.4%) agreed while 12.5% of the respondents strongly agreed that employee's skills and knowledge changed the organization bureaucracy management to a flat structure. But 30.6% of the respondents remained neutral meaning they were not sure whether there is change or not.

In question 13.4, we find that organizational change resulted to the need for career advancement among employees. This is so because 31.9% agreed; while 38.9% strongly agreed that organizational change resulted to the need for career advancement among employees. The possibility of employee's skills and knowledge changing organizational process was tested in question 13.5. Majority of the respondents agreed with the statement. They were represented by 37.5% who agreed and 16.7% who strongly agreed.

Generally, employee's skills and knowledge have improved the organizations performance. This is evident in the findings of question 14.



## Summary on the Effects of Employee Skills and Knowledge on Effective Organizational Change

The effects of employee's skills and knowledge on effective organizational change are as follows according to the findings: Employee's skills and knowledge had brought about positive change in the organization; Employee's skills and knowledge changed the organization bureaucracy management to a flat structure; and, Employee's skills and knowledge change organizational process.

## Recommendations

This research project gave a broad overview of the factors that affect effective organizational change. All organizations are therefore advised to take into consideration the possible advantages that may be drawn from manipulating these factors to ensure that the effect may be positive. Therefore, for an organization to experience positive change, the following factors should be considered:

1. Every employee should be part of the change and that organizations should use their policies to implement organizational change so that it may be entrenched within the system.
2. Organizations should enhance employee's skills and knowledge in order for the employees to be able to embrace organizational change. Employees should be supported and trained fully to keep abreast with the new technology that is continuously evolving within the organization.
3. Organizational culture should be aligned to facilitate change and not be a stumbling block to change.
4. The organization needs to do something to encourage its employees to embrace the technological change to reengineer the organization to achieve its goals thus "Growing you for Good".
5. Technology is evolving and the organization has to keep on changing to remain relevant. This then calls for constant retraining of staff and involving the employees continuously so as to embrace change.

If these recommendations are implemented by any organization undergoing change, then it will face fewer challenges.

## References

- Altman, Y. & Iles, P. (1998). *Learning, Leadership, Teams, Corporate Learning and Organizational Change*. *Journal of Management Development*, 17. 1 pp 44-55.
- Armen A. Alchian, & Demsetz, H., (1972). Production, Information Costs and Economic Organization. *The American Economic Review*, 62: 777-795.
- Armenakis, A. A. & Harris, S. G. (2002). Crafting a change message to create transformational readiness, *Journal of Organizational Change Management*, 15(Number 2), 169-183.

- Armenakis, A. A., Harris S. G. & Mossholder, K. W. (1993). Creating readiness for organizational change. *Human Relations* , 46(June), 681–703.
- Bate, P. K. (2000). Towards a Culturally Sensitive Approach to Organization Structuring. *Organization Science* , 11, 197-211.
- Bramford, D. & Forrester, P., (2003). Managing Planned and Emergent Change within an Operations Management Environment. *International Journal of Operations and Production Management* , Vol.23 Issue 5 pp 546-564.
- Burnes, B. (2004). *Change Management: A Strategic Approach to Organizational Dynamics*. Harlow England: Prentice hall.
- Burnes, B. (2000). *Managing Change: A Strategic Approach to Organizational dynamics* 3rd Ed. Harlow: Financial Times Prentice Hall.
- Burnes, B. (2000). *Managing Change: A Strategic Approach to Organizational Dynamics* 3rd Ed. Harlow: Financial Times Prentice Hall .
- Burnes, B. (1996). Organizational Change Management: A Critical Review. *Journal of Change Management* , Vol. 5 No. 4, 369-380 December, 2005.
- Chandler, A. D. (1994). The History of Business Change: In *The Change Management Handbook: A Road Map to Corporate Transformation*. Edited by Berger, Sikora and Berger. McGraw Hill: McGraw Hill.
- Dawson, P. (1996). Beyond Conventional Change Models: A Processual Approach. *Asia Pacific Journal of Human Resources* . , 34(2), 57-70.
- Dawson, P. (1994). *Organizational Change: A Processual Approach*.. London: Paul Chapman.
- Demsetz, A. (1972). Production, Information Costs, and Economic Organization. *American Economic Review* , 62: 777-795.
- Dunphy D., & S. (1993). The Strategic Management of Corporate Chnage. *Sage Journal* .
- Dunphy, D. G., Griffiths a., & Benn S., (2007). *Organization Change for Corporate Sustainability* 2nd Edition. London England: Routledge.
- Ivancevich, J. M., Konopaste, R., & Matterson, M. T., (2008). *Organization Behaviour* 8th Edition. New York: McGraw-Hill Irwin Publishers.
- Kettinger, W. G. & Grover, V., (1997). The use of computer-mediated communication in an interorganizational context. *Decision Sciences* , 28(3) 513-555.
- Kor, Y. Y. & Mahoney, J. T., (2000). Penrose's Resource-based approach: the process and product of research creativity. *Journal of Management Studies* . , 37, 1, 109-39.
- Laud, R. L. (1994). "The Tortoise and the Hare: Cultural Change and Corporate Strategy." In *The Change Management Handbook: A Road Map to Corporate Transformation*. Edited by Berger, Sikora, and Berger. McGraw-Hill.
- Mahoney, J. T. (1995). The Management of Resources and the Resource of Management. *Journal of Business Research* , 33: 91-101.
- Pattanayak, B. (2009). *Human resource Management* 3rd Edition. New Delhi: PHI Learning Private Limited.
- Pendlebury, S. (1998). Transforming teacher education in South Africa: a spacetime perspective. *Cambridge Journal of Education* , 28(3): pp.332-350.
- Penrose, E. T. (1995). *The Theory of the Growth of the Firm* 3rd Edition. Oxford: Oxford University Press.
- Penrose, E. T. (1959). *The Theory of the Growth of the Firm*. New York: Oxford University Press.