

ABSTRACT

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