CHALLENGES AFFECTING IMPLEMENTATION OF CORPORATE STRATEGIES IN THE ELECTRICITY SECTOR IN KENYA (A CASE OF KENYA ELECTRICITY GENERATING COMPANY LIMITED)

BY

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DECLARATION

I hereby declare that this research project is my original work and that it has not been presented to any other university or institution for any academic credit.

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This research project report has been presented for examination with my approval as the university supervisor.

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ABBREVIATIONS

EAP&L	–	East African Power & Lighting
KPC	–	Kenya Power Company
KPLC	–	Kenya Power & Lighting Company Limited
KenGen	–	Kenya Electricity Generating Company Limited
GDC	–	Geothermal Development Company
KETRACO	–	Kenya Electricity Transmission Company
IPPs	–	Independent Power Producers
MW	–	Mega Watts
SPV	–	Special Purpose Vehicle
TMO	–	Transformation Monitoring Office
GRD	–	Geothermal Resource Development
CSR	–	Corporate Social Responsibility
LCPDP	–	Least Cost Power Development Plan
SACCO	–	Savings and Credit Cooperative Society
ZESA	–	Zimbabwe Electricity Supply Authority
ESCOM	–	Electricity Supply Commission of Malawi
TANESCO	–	Tanzania Electricity Supply Company

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ABSTRACT

Demand for electricity in Kenya is currently growing at a rate higher than the growth in supply. KenGen, as a major player in the electricity sector developed a strategic plan (2008-2012) which if implemented successfully would stabilize the equation for electricity supply and demand in the country, and increase its installed capacity from 912MW to 1510MW by 2012. Implementation of this strategic plan has however dwindled, with most projects running late or stalled. By the end of 2012, KenGen missed its planned projected installed capacity figure by nearly 50%. The objective of the study was to determine the challenges affecting implementation of corporate strategies at KenGen. The researcher determined to what extent organization culture, resource management, corporate social responsibility and leadership affect the implementation of corporate strategy at Kengen. The study was carried out in the 5 Ken Gen operation areas in Kenya. The target population was 22 managers and 96 chief officers across the organization. A sample size of 10% was picked using random sampling from the lot of chief officers, and another 10% was picked from the lot of managers. Questionnaires were used to collect data and analysis was done using descriptive statistics. The outcome of study was to help organizations in the electricity sector in Kenya to evaluate various challenges that affect implementation of corporate strategies. The government is expected to use the findings to review policies governing institutions in the electricity sector in order to give them the support and flexibility required to effectively compete in the liberalized sector. The study found out that half (50%) of the respondents viewed KenGen's corporate strategy (Horizon 1-500MW by 2013) as *Essential to business growth* and 50 % of the respondents viewed KenGen's corporate strategy (Horizon 1-500MW by 2013) as Critical to organization survival. The study also found that KenGen had good leadership and used its resources well. This had helped the organization to manage and streamline the business operations effectively. Organization culture and corporate social responsibility activities were found to be very critical to success in implementation of corporate strategies at Kengen.

CHAPTER ONE

1.1 BACKGROUND TO THE STUDY

Strategy implementation is the process that turns plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plan's stated objectives (Kotler, 1984). Implementation is a highly complex and interactive process. Effectiveness of strategy implementation is affected by the quality of people involved in the process (Govindarajan, 1989). Quality refers to skills, attitudes, capabilities, experiences and other characteristics of people required by a specific task or position (Peng & Litteljohn, 2001). Viseras, Baines, and Sweeney (2005) indicate that success in strategy implementation depends crucially on the human or people side of project management, and less on organization and systems related factors. Similarly, Harrington (2006) finds that a higher level in total organizational involvement during strategy implementation has positive effects on the level of implementation success, firm profits and overall firm success.

The strategic management process involves analysis of internal and external environments in order to establish direction and create strategies to achieve set business goals. Such a process includes analysis, direction setting, developing strategies, implementation and control. Strategy is regarded as a process of analyzing the past to elicit the present actions required for the future desired state (Jean, 2003). Strategy involves moving from a present state, through transition to a future desired state. After overall strategies are determined and long term objectives set, the task of implementation and controlling the strategy remain. This involves translating the strategic thought into strategic action. Functional strategies provide important means of communicating what must be done to implement the overall strategy. These three organizational elements provide fundamental long term means for a business strategy: structure, leadership and organization culture. Strategies entail creating a vision, communicating the strategy, empowering broad based action, generating quick wins, consolidating gains and anchoring new approaches in the culture of an organization (Kotter, 1999).

When a strategy fails to achieve expected results it is often because the strategy execution was flawed. Failure to execute is a major concern for management because it limits organization growth and competitiveness. Those who lead organizations to success are not judged by the brilliance of their strategies, but by their ability to implement them. The challenge is normally how to close the gap between strategy and the results (Lippitti, 2007). Without a coherently aligned implementation, even the most superior strategy becomes useless. Unfortunately most strategic efforts fail at the implementation stage resulting in significant loss of resources already invested. In the rush to act on the strategy, too little attention is paid to finding the best implementation initiatives. Shortcuts often don’t work because while strategic plans can be copied, execution is not easy to duplicate. Many organizations end up with false starts. Delays and confusion characterize their implementation process in many occasions.

1.1.1 Historical background and Current Institutional Aspects in the Electricity Sector

The history of Kenya’s electricity sector can be traced back to 1922 when the East African Power and Lighting Company (EAP&L) was established through a merger of two companies. These were; the Mombasa Electric Power and Lighting Company established in 1908 by a Mombasa merchant Harrali Esmailjee Jeevanjee and Nairobi Power and Lighting Syndicate also formed in 1908 by engineer Clement Hertzel. The Kenya Power Company (KPC) was later formed in 1954 as a subsidiary of the EAP&L with the sole mandate of constructing electricity transmission lines between Nairobi and Tororo in Uganda. This infrastructure was mainly to enable Kenya import electricity from the Owen Falls Dam in Uganda. With many operations of EAP&L largely confined to Kenya, the company finally changed its name to Kenya Power and Lighting Company Limited (KPLC) in 1983. KPC was 100% government owned. Following the structural adjustments program in the 1990s, the Government of Kenya officially liberalized power generation as part of the power sector reforms in 1996. Among the first reforms to take place was the unbundling of the state utility in 1997. Kenya Electricity Generating Company Limited (KenGen) became responsible for the generation assets while KPLC assumed responsibility for all distribution and transmission. The Electricity Regulatory Board was also established under the 1997 electric power Act as the sub sector regulator. Reforms in the power sector have continued to take place especially with energy policy development of 2004 and the subsequent enactment of the energy Act of 2006 which established the Energy Regulatory Commission and the Rural Electrification Authority. The sessional paper No 4 of 2004 on energy also provides for the creation of the Geothermal Development Company (GDC) and Kenya Electricity Transmission Company (KETRACO). GDC is a special purpose vehicle for geothermal resource development and KETRACO is a state owned transmission company.

The reforms in the electricity sector have seen a complete reorganization of functions hitherto concentrated in the ministry of energy and the Kenya Power and Lighting Company Limited. This was a result of the need to place responsibilities to specific institutions that would specialize in the mandates vested in them under the Energy Act to enhance efficiency. Accordingly the institutions were unbundled into generation, transmission, distribution, oversight and policy functions. The institutional structure in the electricity sub sector in Kenya comprise the Ministry of Energy (MOE), Energy Regulatory Commission (ERC), Kenya Electricity Generating Company (KenGen), Kenya Power and Lighting Company (KPLC), the Rural Electrification Authority (REA), Kenya Electricity Transmission Company (KETRACO), Geothermal Development Company (GDC) and Independent Power Producers (IPPs).

The Kenya Electricity Generating Company (KenGen) is the main player in electricity generation, with installed capacity growing from 972MW by end of 2008 to 1,151MW currently. It is listed at the Nairobi Stock Exchange with the shareholding being 70% by the Government of Kenya and 30% by private shareholders. The Company accounts for about 75% of the installed capacity from various power generation sources that include hydropower, thermal, geothermal and wind.

Independent Power Producers (IPPs) are private investors in the electricity sector who have come in to fill the growing gap between available and required power under the 3

Feed-in -Tariff Policy**.** Current players comprise IberAfrica, Tsavo, Or-power, Rabai, Imenti, and Mumias. Collectively, they account for about 25% of the country's installed capacity from thermal, geothermal and baggasse, as follows: Iberafrica (108 MW -thermal power plant), OrPower (48 MW -geothermal power plant), Tsavo (74 MW- thermal power plant), Mumias

(26MW -Cogeneration), Imenti (900kW -Mini-Hydro), and Rabai (90MW- Thermal power plant).

1.1.2 Growth in Electricity Demand and Supply in Kenya.

Strong growth in electricity demand in Kenya is being driven by a combination of normal economic growth, increased efforts towards rural electrification, and reinforcement of the transmission and distribution grids by KPLC. On the supply side, drought conditions in 2006 exacerbated the problem of very low reserve margins by reducing the capability of the hydro-electric plants to produce. This put the spotlight on the high risk of over-reliance on hydro-electric power plants to secure power supply to the country.

Before 2004, projections for installed capacity against peak demand ranged significantly (appendix 3). Currently, the reserve margin for Kenya falls just above 33%, much of it coming from the private thermal Emergency Power Projects (appendix 4). These are undesirable due to the fact that they are a comparatively expensive source of electricity and their emissions into the atmosphere are against Kyoto protocol (2005). With electricity growth of 8% and installed capacity growth dwindling, the reserve margin is likely to drop significantly to the very dangerous level of 10% by 2017. The reserve margin of electricity for a developing economy like Kenya should be 30% of installed capacity against demand. **(Source: IMF, US EIA, World Bank Analysis 2007).**

KenGen is the primary source of generation of electricity for the country, and will continue to be the most important player in the provision of new generation capacity. The most critical set of activities is to increase supply to the grid and widen the safety margin between demand and supply. This heavily depends on the choice and execution of the appropriate strategy to add cheap and clean energy to the grid.

1.2 STATEMENT OF THE PROBLEM

The Kenya vision 2030 has identified energy as a key foundation and one of the infrastructural enablers upon which the economic, social and political pillars of the overall development strategy will be built. The success in the implementation of this strategy depends on supply of adequate, reliable, clean and affordable electricity. In particular, the demand for electricity is expected to increase since it is a prime mover of the commercial sector of the economy.

As te leading provider of electric power, KenGen needs to lead the required capacity expansion in Kenya and beyond. The "burning platform" for KenGen today is to stabilize the power situation in Kenya by coming up with additional significant capacity on line over the next 5-10 years in order to move away from current "firefighting" to meet demand and create sustainable growth for Kenya. Sustainability in growing power provision for Kenya will require KenGen to triple capacity from ~1,151 to ~3,000 MW over the next six years.

Whereas there exists a proposed corporate strategy for KenGen to implement projects that would cover the shortfall in electricity supply in the country, success in implementation of the strategy has been significantly dismal. In 2008, KenGen developed a strategic plan (horizon 1) which if implemented successfully was to enable the company to inject additional electric power into the national grid to reach the level of 1510MW by 2012 and 3000MW by 2018.

By the end of 2012, KenGen had managed to implement 53% of the projects in the corporate strategy. Most of the planned projects faced delays, stalled mid-stream or have been abandoned. This study established challenges affecting implementation of corporate strategy at KenGen. It is intended that this will reduce the knowledge gaps that have resulted into dismal performance of the strategies being implemented.

1.3 RESEARCH OBJECTIVES

1.3.1 General Objective

The overall objective of this study was to establish challenges that face implementation of corporate strategies at Kengen.

1.3.2 Specific Objectives

i. To establish if organization culture is a challenge affecting the implementation of corporate strategy at Kengen.
ii. To find out if resource management is a challenge affecting the implementation of corporate strategy at Kengen.
iii. To establish if corporate social responsibility is a challenge affecting the implementation of corporate strategy at Kengen.
iv. To determine if leadership is a challenge affecting the implementation of corporate strategy at Kengen.

1.4 RESEARCH QUESTIONS

This study shall seek to answer the following research questions:-

i. Is organization culture a challenge in the implementation of corporate strategy at Kengen?
ii. Is resource management a challenge in the implementation of corporate strategy at Kengen?
iii. Is corporate social responsibility a challenge in the implementation of corporate strategy at Kengen?
iv. Is leadership a challenge in the implementation of corporate strategy at Kengen?

1.5 SIGNIFICANCE OF THE STUDY

The findings of this study shall help organizations in the electricity sector in Kenya to evaluate various challenges that affect implementation of corporate strategies. The government is expected to use the findings to review policies governing institutions in the electricity sector in order to give them the support and flexibility required to effectively compete in the liberalized sector. The investors in the electricity sector shall get to know before-hand the challenges involved in investing in power plants in Kenya.

1.6 SCOPE OF THE STUDY

Kengen has 5 regions spread across Kenya (Western Hydro, Olkaria Operations & GRD, Stima Plaza & Central Operations, Eastern Hydro and Thermal Operations). This study targeted a sample of 10% of 22 managers and 96 Chief Officers spread across all the Kengen regions.

1.7 ASSUMPTIONS OF THE STUDY

This study assumed that respondents were able to answer all questions set in the questionnaire and that their answers reflected their true position.

1.8 LIMITATIONS OF THE STUDY

This study was limited by the fact that respondents may have overrated or underrated the information they gave in the questionnaire and as such the true position may not be reflected. The researcher requested those answering the questionnaires to give a true reflection of the issue asked, and that information collected was not be used for any other purpose beside this research work.

Another limitation that could have arisen was that respondents may have failed to answer the questionnaire either by choice or for fear that they were not allowed to express opinion on behalf of the organization. Such staff were informed that views given were to be treated with confidentiality.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

Strategy implementation involves the organizations resources and motivation of staff to achieve objectives. Today global competitive environment is complex, dynamic and largely unpredictable. Strategic management is about managing the future and effective strategy formulation is crucial as it directs the attention and action of an organization. The fatal problem with strategy implementation is the de facto success rate of 10% (Judson, 1991).

Strategy is the plan of action an organization prepares in response to, or anticipation of, changes in its external environment. Strategy is differentiated by tactics or operational actions by its nature of being premeditated, well thought through and often practically rehearsed. It deals with essentially three questions. One, where is the organization at this moment in time? Two, where does the organization want to be in a particular length of time and three, how does the organization get there? Thus, strategy is designed to transform the firm from the present position to the new position described by objectives, subject to constraints of the capabilities or the potential (Ansoff, 1965).

Businesses need to be organized in a specific form of shape that is generally referred to as organizational structure. Organizations are structured in a variety of ways, dependent on their objectives and culture. The structure of the organization often dictates the way it operates and performs (Waterman et al, 1980). Traditionally, the businesses have been structured in a hierarchical way with several divisions and departments, each responsible for a specific task such as human resources management, production or marketing. Many layers of management control the operations, with each answerable to the upper layer of management. Although this is still the most widely used organizational structure, the recent trend is increasingly towards a flat structure where the work is done in teams of specialists rather than fixed departments. The idea is to make the organization more flexible and devolve the power by empowering the employees and eliminate the middle management layers (Boyle, 2007).

Every organization has some systems or internal processes to support and implement the strategy and run day-to-day affairs. For example, a company may follow a particular process for recruitment. These processes are normally strictly followed and are designed to achieve maximum effectiveness. Traditionally the organizations have been following a bureaucratic-style process model where most decisions are taken at the higher management level and there are various and sometimes unnecessary requirements for a specific decision. Increasingly, the organizations are simplifying and modernizing their process by innovation and use of new technology to make the decision-making process quicker. Special emphasis is on the customers with the intention to make the processes that involve customers as user friendly as possible (Lynch, 2005).

All organizations have their own distinct culture and management style. It includes the dominant values, beliefs and norms which develop over time and become relatively enduring features of the organizational life. It also entails the way managers interact with the employees and the way they spend their time. The businesses have traditionally been influenced by the military style of management and culture where strict adherence to the upper management and procedures is expected from the lower-rank employees. However, there have been extensive efforts in the past couple of decades to change culture to a more open, innovative and friendly environment with fewer hierarchies and smaller chain of command. Culture remains an important consideration in the implementation of any strategy in the organization (Martins and Terblanche, 2003).

Organizations are made up of humans and it's the people who make the real difference to the success of the organization in the increasingly knowledge-based society. The importance of human resources has thus got the central position in the strategy of the organization, away from the traditional model of capital and land. Leading organizations like Microsoft, put extraordinary emphasis on hiring the best staff, providing them with rigorous training and mentoring support, and pushing their staff to limits in achieving professional excellence, and this forms the basis of these organizations' strategy and competitive advantage over their competitors. It is also important for the organization to instill confidence among the employees about their future in the organization and future career growth as an incentive for hard work (Purcell and Boxal, 2003).

All members of the organization share some common fundamental ideas or guiding concepts around which the business is built. This may be to make money or to achieve excellence in a particular field. These values and common goals keep the employees working towards a common destination as a coherent team and are important to keep the team spirit alive. The organizations with weak values and common goals often find their employees following their own personal goals that may be different or even in conflict with those of the organization or their fellow colleagues (Martins and Terblanche, 2003).

Strategic management provides overall direction to the organization. Ariel (2007) states that there is strategic consistency when actions of an organization are consistent with the expectations of management. A good strategic plan must be realistic and attainable so as to allow managers to think strategically and act operationally. Arnold. C. Hax and Micolass Majluf (1996) say strategy determines and reveals the organization's purpose, in terms of long term objectives, actions, programmes and priorities for resource allocation.

Organizations successful at implementing strategy develop detailed action plans i.e. chronological lists of action tactics which add the necessary detail to their strategies, and assign responsibility to specific individuals for accomplishing each of those action steps. Also, they set a due date and estimate the resources required to accomplish each of their action steps. Thus they translate their broad strategy statement into a number of specific work-assignments.

There are three levels of strategy; corporate, business and operational.

2.1.1 Corporate Strategy

Corporate strategy is often held by very large organizations. This strategy is ownership oriented (i.e., the chief benefactors of the strategy are the stake holders or share holders of the business). The primary investors dictate the driving needs of the investors and it is the job of the executive officer to meet these needs. If the organization is privately owned the owner acts as the primary stockholder. While investors' needs are usually only limited to a return on their investment, the direction the company takes in terms of partnerships, goods or services or even mergers are often matters investors decide upon. Long-term corporate strategies are often clarified in a company's mission statement.

2.1.2 Business Strategy

Business strategy focuses on how a business competes with other similar businesses in the area. This strategy employs customer surveys, and places an emphasis on setting prices and providing a variety of goods and services to the customer. From the supply level, this strategy focuses on keeping costs down by allowing the "business unit" to determine the best places to procure supplies and purchase advertising.

2.1.3 Operational Strategy

Operational strategy focuses on process efficiency and logistics. Shortening shipping routes, finding faster transportation and cheaper supplies are all part of the strategy's success. Shortening order taking processes, finding more efficient ways of meeting customers' needs and using better software to reduce work errors are all examples of operational strategy in use. Operational strategy is often a support strategy used to facilitate larger needs. This makes it very versatile.

It is thus obvious that strategy implementation is a key challenge for today's organizations. There are many (soft, hard and mixed) factors that influence the success of strategy implementation, ranging from the people who communicate or implement the strategy to the systems or mechanisms in place for co-ordination and control.

2.2 Theoretical Review

Strategy can be defined as the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals. It may be viewed in two modes, planning and evolutionary. Planning Mode considers strategy as a plan or explicit set of guidelines developed in advance. Managers identify where they want to go; then they develop a systematic and structured plan to get there. The evolutionary mode strategy evolves with time as a pattern in a stream of significant decisions.

Chandler studied almost 100 of America's largest firms from 1909 to 1959, including DuPont, General Motors, Standard Oil of New Jersey, and Sears, Roebuck. He concluded that changes in corporate strategy preceded and led to changes in an organization's structure. He also concluded that organization structures follow the growth strategies of firms. He found that growth strategies tended to follow certain patterns.

The first growth stage is volume expansion, producing selling and distributing more product or service to customers. The next stage of growth is geographic expansion, continuing what it was already doing in new geographical areas, with new field units .The third growth strategy is vertical integration, as firms either buy or create other functions.

The ultimate growth strategy involves the firm in new industries either through merger, acquisition, or creation (product development). As the organization moves through each stage, it must change its structure in successive steps.

Geoffrey P. Chamberlain argues that it is not possible either to analyze or compare strategies if we cannot clearly describe and categorize what we are looking at. This theory of strategy analyzes the strategy construct by treating it as a combination of four factors. Proposition 1: Strategy operates in a bounded domain. Proposition 2: an entity's strategy is the result of the interaction of a variety of forces in and around the entity, with the strategist's cognitive bias. Those forces are divided arbitrarily into three broad categories: internal, external, and shareholders. Proposition 3: various processes can be involved in strategy formation. He explains that this shows how they relate to each other by presenting a simple sequential process that distinguishes between deliberate and emergent strategy at each step. Proposition 4: mechanisms by which strategy can take effect include channels of influence involving rational and social approach. He argues that a strategist who only considers one channel of influence is trapped in a paradigm.

The McKinsey 7S Framework has been used by practitioners and academics to analyze performance of several organizations. It includes seven variables namely structure, strategy, systems, skills, style, staff and shared values. Structure is defined as the skeleton of the organization. Strategy is the plan or course of action in allocating resources to achieve identified goals over time. The systems are the routine processes and procedures followed within the organization. Staff is described in terms of personnel categories within the organization, whereas the skills variable refers to the capabilities of the staff within the organization as a whole. The way in which key managers behave in achieving organizational goals is considered to be the style variable; this variable is thought to encompass the cultural style of the organization. The shared values variable refers to the significant meanings or guiding concepts that organizational members share (Peters and Waterman, 1982).

Analysis of several organizations using the model revealed that certain companies tend to focus on those variables which they feel they can change (e.g. structure, strategy and systems) while neglecting the other variables. These other variables (e.g. skills, style, staff and shared values) are considered to be "soft" variables. Other organizations are successful at linking their structure, strategy and systems with the soft variables. Peters and Waterman (1982) argue that a company cannot merely change one or two variables to change the whole organization. For long-term benefit, the variables should be changed to become more congruent as a system. Whereas activities in the external environment are not mentioned in the McKinsey 7S Framework, it is acknowledged that other variables exist and that the framework depicts only the most crucial variables. This study was anchored on this framework, and took into consideration the external activity of community interest.

Resource management is crucial in making strategies happen. The human resource issue is a two part story. First, consideration of human resources requires that management think about the organization's communication needs. That they articulate the strategies so that those charged with developing the corresponding action steps fully understand the strategy they're to implement. Second, managers should be aware of the effects each new strategy will have on their human resource needs. They should ask themselves the questions "How much change does this strategy call for?" And, "How quickly must we provide for that change?" And, "What are the human resource implications of the answers to those two questions?" In answering these questions, they need to decide whether to allow time for employees to grow through experience, to introduce training, or to hire new employees. Some of the challenges that face organizations are due to entrenched and untrained personnel. Organizations need to hire the right people with skills and ability to perform duties efficiently and effectively. Success also depends on availability of funds intended for the implementation of the strategies. It is necessary to think about the required financial commitment early in the planning process.

To successfully implement strategies, you've got to effectively manage all challenges the organization faces and provide the right leadership to make sure you link them together. Government regulations must also be factored into the organization’s business management process. They may require that work be conducted or documented in a certain way; they may impose procurement and bidding constraints. Laws and regulations may even require that community interests be factored into business plans.

Many strategic initiatives fail to achieve their intended objectives. According to Charam and Culvin (1999), 70% of the failures are due to poor execution. To implement a strategy, change will be required in the business processes and if the implementation is poor, all other elements of management become a waste of time and effort (Macmillan Tampoe, 2000). Thompson and Struckland (1997) states that implementation of strategy entails converting the organization strategic plan into action and then into results. Heads of major functions in an organization are responsible for seeing that the business plans are successfully implemented. The implementation process typically impacts every part of the organization structure. Every manager has to think of what he has to do in his department in order for the strategic plan to be successfully implemented.

Many organizations successfully develop action plans, consider organizational structure, take a close look at their human resource needs, fund their strategies through their annual business plan, and develop a plan to monitor and control their strategies and tactics. And yet they still fail to successfully implement those strategies and tactics. The reason, most often, is lack of linkage. Linkage is tying together of all the activities of the organization to make sure that all of the organizational resources are "rowing in the same direction”, (Burns, 1985).

2.3 EMPIRICAL REVIEW

2.3.1 Challenges of Organization Culture In implementation of Corporate Strategy.

Culture is a set of important assumptions that members of an organization share in common. These shared assumptions set a pattern for activities, opinions and actions within the firm. Culture is a strength that could also be a weakness. It is strength when it eases communication, facilitates decision making and generates high levels of Cooperation and commitment in the organization. It becomes a weakness when important shared beliefs and values interfere with the needs of the business. A strong organization belief system therefore defines appropriate actions that are consistent with the strategy and hence becomes a driving force in the implementation of a strategy (Davis and Schein, 2002).

Leadership has been described as the single most influential ingredient in creating a high performance culture. Gordon (2001) argues that organizations develop cultures because they are made up of and led by people. When the leadership fails to evolve and align culture with the business, the organization will evolve a culture by default. Such a culture may not align itself with the business strategy and will only attain mediocre performance.

The culture within an organization is very important, playing a large role in whether it is a happy and healthy environment in which to work. In communicating and promoting the organizational ethos to employees, their acknowledgement and acceptance of it can influence their work behaviour and attitudes. When the interaction between the leadership and employees is good, the latter will make a greater contribution to team communication and collaboration, and will also be encouraged to accomplish the mission and objectives assigned by the organization, thereby enhancing job satisfaction. Because organizational culture reflects the values, beliefs and behavioural norms that are used by employees in an organization to give meaning to the situations that they encounter, it can influence the attitudes and behaviour of the staff (Mayo, 2003).

Some scholars who have studied organizational culture feel that organizational culture is complex. It will influence employee attitudes and behaviour differently. Jacobs & Roodt (2008) discovered a correlation between employee performance, knowledge sharing, organizational commitment, job satisfaction and organizational culture. Gifford et al (2006) argued that organizational culture is also related to employee efficiency, organization's innovative ability, employee effectiveness (e.g. higher levels of goal orientation, self control). Kane-Urrabazo (2004) believed that a satisfactory work environment can be created by the employees when an organization possesses a healthy culture. The competitive advantage of an organization is attained through strong Association and establishment of culture. The organization culture helps in measuring limitation to overcome performance measurement (Rousseau, 1990). The limitations shows that culture and employee performance shows negative correlation as employee performance is badly affected by it.

The methodologies and findings of researches shows that culture and performance were considered interrelated (Lim, 1995).The job performance of any organization has a strong impact of strong organization culture as it leads to enhance productivity. Every business has a culture – some are inspiring and healthy, others are crippling and toxic. The level of an organization efficiency and wellness is a direct reflection of its culture.

Unhealthy cultures tend to devalue creativity, stifle innovation and leave workers feeling miserable and frustrated. Managers tend to create these cultures by discouraging new ideas, frowning on change and stymieing enthusiasm. The undesirable outcome is major disengagement that sucks the life out of the organization and its people.

2.3.2 Challenges of Resource Management in Implementation of Corporate Strategy.

Resource management is the deployment of an organization’s resources in the most efficient way possible. Resources may include finance, inventory, human skills, production resources or information technology. The principle of resource management is to invest in resources as stored capabilities that can be unleashed as demanded.

The managers of organizations continually face the task of allocating resources by balancing costs, benefits, risks and gaining commitment by a wide constituency of stakeholders to decisions made. This task is complex and difficult because many options exist, and benefits and risks are rarely expressed as single objectives. There is hardly an organization which does not launch more projects than it can master with available resources (Clark and Wheelwright, 2003). Makadok (2001) states that the need to allocate resources to projects is dependent upon whether or not the project is contributing to the overall achievement of the organization and whether the project's performance is having a negative impact on other projects.

Implementation of a strategy is highly dependent on resource allocation to the different portfolios identified. Funds need to be allocated appropriately in order to effectively implement the strategy (Boyle, 2007). Strategy is formulated at the top, but implemented from the bottom. Alignment of competent staff within the organization is therefore required in order to successfully execute the strategy. Rosner (1992) believes that training of staff is a great investment for an organization and at the same time may be a waste of money when the desired behavior doesn't occur. However, not all performance problems can be addressed by training. In many occasions non-training interventions (e.g. benchmarking tours) are necessary for exposure.

Purcell (2005) believes that there are four challenges managers face in resource management. One, benefits are typically characterized by multiple objectives which often conflict. Two, when decision makers are presented with many opportunities, they cannot know the details of each one sufficiently well to make informed decisions. Three, many people are usually involved. Some provide expert judgment and advice to the decision maker, but that assistance inevitably reveals fundamental conflicts which possibly create competition (Bana e Costa al, 2002). Four, implementation by those who disagree with the resource allocation can easily lead to the formation of small teams of people surreptitiously working on non-approved projects in which they are heavily invested personally.

Resource management requires an approach that enables construction of portfolio of investments across different areas such that the collections' best use is made of the limited total resource; to consult the right people in a structured way so that their multiple perspectives can be brought to bear on the issues; and to engage key players to ensure their alignment to the way forward, while preserving their individual differences of approach. This is easily accomplished by blending technical solutions that capture the differing perspectives with social process that engages those concerned.

2.3.3 Challenges of Corporate Social Responsibility in Implementation of Corporate Strategy

While governments have traditionally assumed sole responsibility for the improvement of the living conditions of the population, society's needs have exceeded the capabilities of governments to fulfill them. The spotlight is increasingly turning to focus on the role of business in society and progressive companies are seeking to differentiate themselves through engagement in Corporate Social Responsibility. The fundamental idea of CSR is that businesses have an obligation to work towards meeting the needs of a wider array of stakeholders (Clarkson, 1995; Waddock et al., 2002). More generally, CSR is a set of management practices that ensures the organization maximizes the positive impacts of its operations on society or ‘‘operating in a manner that meets and even exceeds the legal, ethical, commercial and public expectations that society has of business’’ (Belal, 2001).

At the core of the CSR debate is the idea that business organizations should transition from a state of mere compliance to a mode of engagement, from harm minimization to value creation (Luetkenhorst, 2004; Novak, 1996). CSR is therefore founded on a stronger recognition of the role of business as an active partner in a world of scarcity and dwindling resources.

While increasing attention has been accorded to CSR, research by Davis et al. (2000) notes differences between the CSR orientation of large and small firms, with more accentuated attention to issues of profitability among managers of smaller firms. A study by Melinda et al. (2004) shows a negative attitude towards CSR and the lack of publicity on CSR as the main reported obstacles. Another study by Lynch et al. (2005) suggests that the majority (60%) of organizations can be considered as socially responsible, noting obstacles relating to time and cost constraints.

Two major camps in the CSR debate can be delineated. The first camp believes firmly that a business organization is a legal construct and has only the two responsibilities bestowed by the law creating it, namely making money for owners and obeying relevant rules (Greenleaf, 2004). Another group believes that business organizations act intentionally via the intentional actions of their members and hence bear the duties and Obligations of any good person or citizen, but on a corporate scale (Hax, 2005). The first view translates into a conception of corporate responsibility as simply entailing economic and legal responsibilities, while the second translates into a broader conception of CSR entailing a wider range of economic, legal, ethical, moral and philanthropic responsibilities.

Due to increased media attention and rapid global information sharing, there is a surging demand from consumers and governments for organizations to conduct sustainable business practices that take care of the interests of communities where they operate. While organizations develop good CSR policies in order to maintain their reputation, they are also expected to maximize profits for stockholders. It is argued that businesses do not put in sufficient amount of resources to achieve what they have promised in their CSR policies. The problem is that many companies that claim to be socially responsible often do not live up to such a standard. Because CSR is becoming more commonplace among business organizations, there are concerns that some companies promote an image of CSR as a public relations exercise without tangible results to show.

2.3.4 Challenges of Leadership in Implementation of Corporate Strategy.

Whenever there is an organized assembly of people working towards common goals, some type of leadership becomes essential. Although the concerns for leadership are as old as history, it has become more acute during the last few decades due to complexities of production methods, high degree of specialization and societal changes in the present organizations.

An essential part of process management is coordinating activities of people and guiding their efforts towards the goals and objectives of the organization. Leadership is a relationship through which one person influences the behavior or actions of other people.

Kotter (1990) argued that leadership is about coping with change. Part of the reason leadership has become important is that the business world has become more competitive and more volatile. Major changes are more necessary to survive and compete effectively.

Ansoff and McDonnell (1990) characterize organization leadership as a general management capability. They define management capability as the propensity and ability to engage in behavior which optimizes attainment of the organizations short and long term objectives.

In Tanzania, direct state involvement in the electricity sector is exercised in setting prices, deciding on investment programmes, rural electrification and bailing out the loss making utility, TANESCO. The use of subsidies to hold prices below cost tends to reduce the incentive for managers to provide the necessary leadership, for they know the resulting commercial losses will be paid for by the government (Bhagavan, 1999). In Malawi, ESCOM is legally empowered to generate, transmit and distribute electrical supplies in the country. But its efficiency is affected by government's tendency to over-regulate tariff and other operational matters. The leadership at ESCOM is often slowed down by delays in approval of investment decisions. The government's stand is a direct reflection of its desire to meet socio-economic objectives, yet ESCOM is expected to meet all its financial obligations from electricity revenues as a commercial parastatal (Bhagavan, 1994). In Zimbabwe, the operations in the electricity sector are controlled by ZESA. The state intervenes, notably on issues of pricing, approval of expenditure and capital projects, procurement, rural electrification and staffing.

Leadership in the electricity sector requires constant consultation with governments and dealing with such issues as lack of funding, opposition from forces in the community, and interpersonal problems within the organization. Social, economic, and political forces in the larger world can affect the organization as well. To some extent, the measure of any leader is how well he can deal with the constant succession of crises and minor annoyances that threaten the mission of an organization (Burns, 1985). If a leader is able to solve problems, take advantage of opportunities, and resolve conflict with an air of calm and a minimum of fuss, most of the issues arising will hardly be noticeable to anyone else. If a leader doesn't handle challenges well, the organization probably won't, either. When people feel that their leader is stressed or unsure, they themselves become Stressed or unsure as well, and the emphasis of the group moves from its mission to a worrisome situation. The work of the organization suffers.

Leadership makes great demands on people. As a leader of an organization, one is responsible for the group's vision and mission, for upholding a standard, often for being the group's representative to the rest of the world and its protector as well. These responsibilities might be shared, but in most organizations, one person takes the largest Part of the burden. In addition to its responsibilities, leadership brings such challenges as motivating people and keeping them from stagnating when they're doing well.

Regardless of the situation, it's important for leaders to do something. Waiting is occasionally the right strategy, but even when it is, it makes a group nervous to see its leader apparently not exercising some control.

At the beginning of his term, in depths of the depression, Franklin Roosevelt created government agencies and programmes, took steps to control the economy, and generally looked like he was in charge. Not everything he tried worked, but the overall – and accurate – impression people got was that he was trying to control an awful situation, and they took comfort from that. Roosevelt continued to be proactive, and history has largely proven the wisdom and effectiveness of his strategy (Mahwah, NJ: Paulist Press, 1983).

2.4 GAPS TO BE FILLED BY THE STUDY.

Some previous studies have assessed the challenges that affect implementation of business strategies. Mogaka (2008) investigated challenges facing implementation of management plans in the water sector (i.e. at Nairobi Water and Sewerage Company). Wachira (2009) dealt with factors affecting implementation of development plans in public schools in Kiambu. Narua (2011) extended this study and considered challenges influencing implementation of strategic plans in SACCO's in Imenti North. This was an extension of these three studies but considered challenges affecting implementation of corporate strategies in the electricity sector.

2.5 CONCEPTUAL FRAMEWORK

The conceptual framework shows the relationship between independent variables and dependent variable. The independent variables are: organization culture, resource management, leadership and corporate social responsibility. The dependent variable is implementation of corporate strategy.

VARIABLE RELATIONSHIPS

Independent Variables **Dependent Variable**

Challenges **Implementation of corporate strategy**

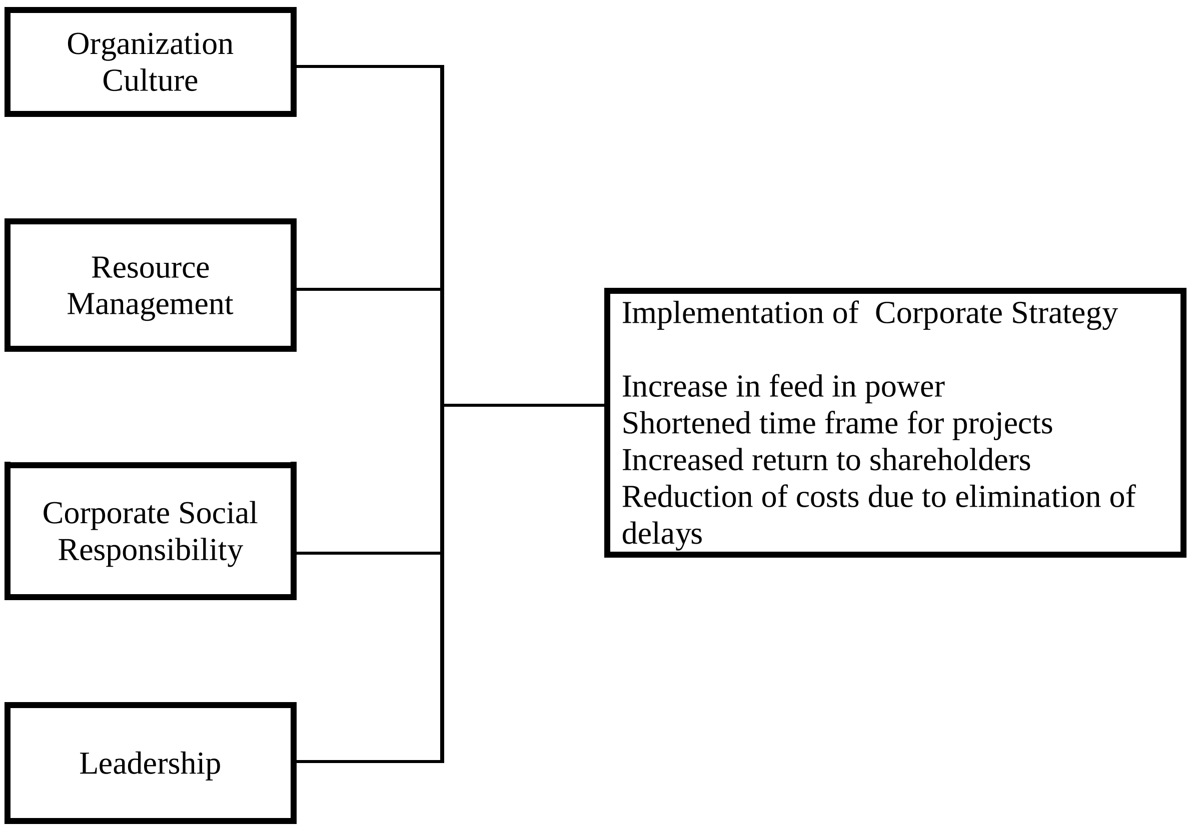


Figure 1: Conceptual Framework

Source: Author (2013)

2.5.1 Operationalization of the Variables

The dependent variable of the study is implementation of corporate strategy. This can be operationalized into several outcomes namely increase in feed in power into the grid, increased return to shareholders, shortened time frame for projects and reduced costs due to elimination of delays. The dependent variable is affected by the independent variables such as organization culture, resource management, leadership support and corporate social responsibility.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1Introduction

This chapter describes the methods that were used in carrying out the study. It outlines the general methodology applied, the sampling design techniques, and the data collection procedures, the tools used in obtaining data, the target population, the sampling technique and the process of data analysis.

3.2 Research Design

A descriptive research design was used in this study where both primary and secondary data were collected. Descriptive design was selected for use since it allows the use of primary and secondary data, and also allows collection of quantifiable information from a sample in order to analyze and discover occurrences without manipulating the variables. This is in agreement with the views of Kothari (2004) and Mugenda (2003) who contend that descriptive research studies are designed to obtain pertinent and precise information concerning current status of phenomena and whenever possible draw varied conclusions from the facts discovered.

3.3 Population and Sample

The target population was 22 managers and 96 chief officers across the organization. This population was suitable for this study since they are the ones responsible for the execution of corporate strategy. A sample size of 10% was picked using random sampling from the lot of chief officers, and another 10% was picked from the lot of managers. According to Mugenda and Mugenda (1999), at least 10% of accessible population is enough for descriptive studies.

3.4 Data Collection and Research Instruments

The study used both primary and secondary data. The primary data collection was carried out using a structured questionnaire administered directly to the respondents. Best and Khan (1991) notes that questionnaires enable the person administering them to explain the purpose of the study and give meaning of the items that may not be clear to the respondents. Questionnaires are most commonly used when respondents can be reached and are willing to cooperate. This method can reach large numbers of subjects who know how to read and write independently (Pascale, 1995). Items in the questionnaire comprised structured (closed ended) and unstructured (open ended) questions.

Data was collected from primary sources e.g. age of respondents, experience and level of employee in the organization. Data on performance of the existing business strategy was obtained from secondary sources i.e. Ken Gen documents and Website.

3.5 Data Analysis and Presentation

After collection of data, the questionnaires were edited to facilitate statistical analysis. The reason is to eliminate unusable or contradictory data and interpret ambiguous answers. Data was analyzed through statistical package for social sciences. Descriptive statistics was used to analyze data, arrange, summarize and present major characteristics of key variables as well as relationships among the variables.

Results are presented in the form of pie charts, bar graphs and frequency tables from which inferences and conclusions have been drawn.

3.6 Reliability and Validity

Reliability is defined as a measure of the degree to which a research instrument yields consistent results after repeated trials. Before actual data collection, piloting of the questionnaire shall be carried out. The questionnaire was sent to 5 officers at KenGen, who did not participate in the actual study. Piloting enabled the researcher to test the reliability of the instrument.

Validity is defined as the accuracy and meaningfulness of inferences, which are based on the research results. In other words validity is the degree to which results obtained from the analysis of the data actually represents the phenomena under study. Cozby (1993) defines validity as the degree to which a test measures what it purports to measure. According to Chave (1996) content validity of an instrument is improved through expert judgment. The researcher removed bias in the research instrument by constructing it in line with the objectives of the study.

3.7 Ethical Issues

Due to sensitivity of some information that was collected, the researcher held moral obligation to treat the information with utmost propriety. Since the respondents might have been reluctant to disclose some information, the researcher reassured the respondents of confidentiality of information given.

CHAPTER FOUR

4.0 DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

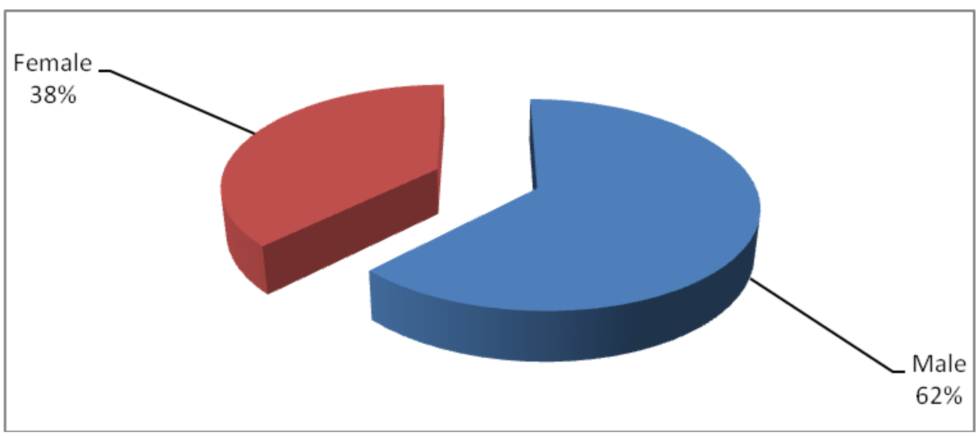
This chapter presents analysis and findings of the study as set out in the research methodology. The study findings are presented on challenges affecting implementation of corporate strategies in the electricity sector. The data was gathered exclusively from the questionnaire as the research instrument. The questionnaire was designed in line with the objectives of the study.

4.1.1 Response Rate

A total of 12 questionnaires were distributed to the chief officers and managers of Kenya Electricity Generating Company, all of which were received back making response rate of 100%. This reasonable response rate was made a reality after the researcher made personal calls and visits to remind the respondent to fill-in and return the questionnaires.

4.2 General information

Figure 1: Gender of the Respondents



The research sought to find out the gender of the respondents. According to the findings 62% of the respondents were male while 38% were female.

Table 4. 1: Age of the Respondents

Age	Frequency	Percentage
20-30 years	1	8.3
31-40 years	5	41.7
41-50 years	6	50
51-60 years	0	0
Total	12	100.0

The research sought to find out the age of the respondents. According to the findings majority (50%) of the respondents were aged 41-50 years, 41.7% were aged 31-40 years and 8.3% were aged 20-30 years.

Table 4. 2: Level of education

	Frequency	Percentage
No formal education	0	0
Diploma level	0	0
Valid undergraduate	5	41.7
Postgraduate	7	58.3
Total	12	100

The research sought to find out the Level of education of the respondents. On the highest level of education reached by the respondents, the findings revealed that 58.3% of the respondents were postgraduate followed by 41.7% who were undergraduate. There was Zero percent of diploma level. According to the analysis, majority of the respondents were postgraduates. This implies that most of the chief officers and managers of Kenya Electricity Generating Company were qualified for their jobs.

Table 4. 3: Level in the organization

Level in the organization	Frequency	Percentage
Middle level	8	66.7
Senior level	4	33.3
Total	12	100

Regarding the level that the respondent are in the organization, majority (66.7%) were in middle level, and 33.3% were in senior level.

Table 4. 4 What is your view towards KenGen's corporate strategy (Horizon 1-500MW by 2013)?

	Frequency	Percentage
Essential to business growth	6	50.0
Drain on organization resources	0	0
Critical to organization survival	6	50.0
Total	12	100.0

The research sought to find out the respondents' view towards KenGen's corporate strategy (Horizon 1-500MW by 2013)?According to the findings half (50%) of the respondents viewed KenGen's corporate strategy (Horizon 1-500MW by 2013) as *Essential to business growth* and 50 % of the respondents viewed KenGen's corporate strategy (Horizon 1-500MW by 2013) as Critical to organization survival.

Table 4. 5 KenGen's corporate strategy has been effectively communicated to all staff?

	Frequency	**Percentage**
Agree	9	75.0
Disagree	0	0
Strongly agree	3	25.0
Total	12	100.0

Regarding whether the KenGen's corporate strategy has been effectively communicated to all staff, majority (75.0%) agreed that KenGen's corporate strategy has been effectively communicated to all staff, 25.0% strongly agreed while 0% of the respondents disagreed.

Table 4. 6 To what extent does organization culture affect implementation of corporate strategy:

	Strongly agree	Agree	Don't know	Disagree	Strongly disagree
KenGen has a culture (core values) that I easily identify with	8.3	58.3	8.3	8.3	16.7
KenGen culture discourages innovation and creativity	8.3	16.7	8.3	58.3	8.3
There is no compatibility between strategy and culture	8.3	33.3		50.0	8.3
KenGen leadership and staff are committed to its core values	8.3	83.3		8.3	
Existing culture does not create competitive environment	50.0			50.0	
Implementation of strategy encounters resistance due to deep rooted cultural bias	16.7	66.7		16.7	
Employees see changes as threatening and tend to favour continuity and security	16.7	66.7		16.7	

The research sought to find out the extent to which organization culture affect implementation of corporate strategy. Majority (53.3%) agreed that KenGen has a culture (core values) that they easily identify with, (8.3%) Strongly agree, while (16.7%) Strongly disagree that KenGen has a culture (core values) that they easily identify with. Regarding whether the KenGen culture discourages innovation and creativity majority (58.3%) disagree that KenGen culture discourages innovation and creativity while (16.7%) agree. This is in agreement with studies by Schein (1992) which noted that strong organizational culture has generally been viewed as a conservative force. However, in contrast to the view that a strong organizational culture may be dysfunctional for contemporary business organizations that need to be change-oriented, he argues that just because a strong organizational culture is fairly stable does not mean that the organization will be resistant to change.

Table 4. 7 To what extent does resource Management affect implementation of corporate strategy?

	Strongly agree	Agree	Don't know	Disagree	Strongly disagree
KenGen allocates resource fairly towards implementation of corporate strategy	25.0	66.7		8.3	
KenGen allocates adequate resource to implement corporate strategy	8.3	58.3	16.7	16.7	8.3
KenGen has a staff skills development plan that is linked to corporate strategy	8.3	58.3	16.7	16.7	8.3
Adequate training is given to staff	16.7	50.0	8.3	25.0	

Level of staff skills affect implementation of corporate strategy	33.3	50.0	8.3	8.3	
Strategy implementation teams have inadequate experience		33.3	25.0	33.3	8.3

The research sought to find out the extent to which resource Management affect implementation of corporate strategy. Majority (53.3%) agreed that KenGen allocates resources fairly towards implementation of corporate strategy, (8.3%) disagree that KenGen allocates resource fairly towards implementation of corporate strategy while (58.3%) agree that KenGen allocates adequate resource to implement corporate strategy (8.3%) Strongly agree that KenGen allocates adequate resource to implement corporate strategy. This is in agreement with studies by Makadok (2001) who stated that the need to allocate resources to projects is dependent upon whether or not the project is contributing to the overall achievement of the organization and whether the project's performance is having a negative impact on other projects.

Table 4. 8 To what extent does corporate social responsibility (community interests) affect implementation of corporate strategy?

	Strongly agree	Agree	Don't know	Disagree	Strongly disagree
KenGen participates in CSR activities	58.3	41.7			
The level of participation of Kengen in CSR activities is adequate.	16.7	50.0	8.3	25.0	
CSR activities influence implementation of corporate strategy.	16.7	50.0	8.3	25.0	
There exists a powerful group who regard implementation of new strategy as a threat to their power	8.3	33.3	16.7	41.7	

Regarding whether the corporate social responsibility (community interests) affect implementation of corporate strategy, majority (50.0%) agree that the level of participation of KenGen in CSR activities is adequate while 25% disagree that the level of participation of

KenGen in CSR activities is adequate. 50% agree CSR activities influence implementation of corporate strategy while 41.7 Strongly disagree there exists a powerful group who regard implementation of new strategy as a threat to their power while 8.3% Strongly agree there exists a powerful group who regard implementation of new strategy as a threat to their power. Research by Davis (2000) notes differences between the CSR orientation of large and small firms, with more accentuated attention to issues of profitability among managers of smaller firms. A study by Melinda (2004) shows a negative attitude towards CSR and the lack of publicity on CSR as the main reported obstacles.

Table 4. 9 To what extent does leadership affect implementation of corporate strategy

	Strongly agree	Agree	Don't know	Disagree	Strongly disagree
Core leadership of Kengen support implementation of corporate strategy	50.0	50.0			
Leadership influences implementation of corporate strategy	58.3	41.7			
Leadership at KenGen has not put proper structure to reward strategy implementation.	16.7	41.7	8.3	25.0	8.3
Current leadership is not transformative		33.3	8.3	50.0	8.3

There exists a powerful group who regard implementation of new strategy as a threat to their power.	8.3	33.3	16.7	41.7	

The research sought to find out the extent to which leadership affect implementation of corporate strategy. Majority (50.0%) Strongly agreed that Core leadership of Kengen support implementation of corporate strategy, (58.3%) Strongly agree that Leadership influences implementation of corporate strategy while (41.7%) believe that there exists a powerful group who regard implementation of new strategy as a threat to their power. Gordon (2001) argues that organizations develop leadership because they are made up of and led by people. When the leadership fails to evolve and align culture with the business, the organization will evolve a culture by default. Such a culture may not align itself with the business strategy and will only attain mediocre performance.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter summarizes the study and makes conclusions based on the findings. The recommendations of the study and areas for further research are also presented. This section presents the findings from the study in comparison to what other scholars have said as noted under literature review.

5.2 Summary of Findings

5.2.1 Effects of Organization culture on implementation of corporate strategy:

Based on the findings of the study, majority of the respondents indicated that KenGen has a culture (core values) that they easily identify with. Organization culture was a major factor affecting implementation of corporate strategy. The findings of the study concurs with Karplus (2007) in a study on Organizational culture in China's public sector that revealed that Organization culture was a major factor affecting implementation of corporate strategy in China's public sector.

According to the analysis of findings, the respondents indicated that in general Organization culture has impact in KenGen and helps in streamlining operations. Weill (2003) observed that the relationship between Organizational culture and firm performance was highly significant.

5.2.2 Effects of resource management on implementation of corporate strategy

Based on the findings, majority of the respondents indicated that they agreed that KenGen allocates resources fairly towards implementation of corporate strategy. It was revealed that majority of the respondents were in agreement that KenGen allocates adequate resource to implement corporate strategy. Adeyemi and Salami (2010) acknowledges that resource management was vital in the control of materials and goods that had been held (or stored) for later use in the case of production or later exchange activities in the case of service industry.

From the findings, majority of the respondents attested to the fact that KenGen has a staff skills development plan that is linked to corporate strategy. The findings of the study collaborated with the findings of Mathaba, Dlodlo, Smith and Adigun (2011) in a study on the use of staff skills to improve management in South African's enterprises.

The study further revealed that quite a number of respondents indicated that level of staff skills affect implementation of corporate strategy. The findings of the study concur with Xin (2009) who suggested that the type of staff skills impacts on implementation of corporate strategy and therefore firms in the public sector should strive to adopt modern resource management in order to boost their competitive advantage.

5.2.3 Effects of corporate social responsibility on implementation of corporate strategy

According to the analysis of the findings, majority of the respondents indicated that they agree that the level of participation of KenGen in CSR activities is adequate. It is also worth noting that none of the respondents indicated that they disagreed that CSR activities had influence on implementation of corporate strategy. The respondents indicated that there exists a powerful group who regard implementation of new strategy as a threat to their power. Tas (2008) recognized level of participation of organizations in CSR activities as crucial to long term sustainability of their businesses. It also allows businesses the opportunity to explore new areas of interest that may arise from the activities of surrounding communities.

5.2.4 Effect of leadership on implementation of corporate strategy

According to the analysis of the findings, majority of the respondents strongly agreed that Core leadership of Kengen support implementation of corporate strategy. The findings further revealed that the Leadership at KenGen has not put proper structure to reward strategy implementation. The findings coincide with the findings of a study by Ogbadu (2009) on leadership through effective management of materials where it was found that there was a positive significant relationship between effective leadership and efficiency of a manufacturing plant. Based on the findings, majority of the respondents attested to the fact that leadership was very crucial in driving corporate strategy. Hence it is inferred that effective implementation of corporate strategy in KenGen is largely supported by core leadership.

5.3 Conclusions

Based on the findings, it can be concluded that KenGen manages its resources well and this has positively supported implementation of corporate strategy. In relation to staff training, the study concluded that a significant proportion of staff are mostly postgraduates, hence Kengen has very good staff development plans that support its strategy. Watson (2002) recognized that a well balanced skills base in an organization was a best practice that promotes synergy in the achievement of an organization’s business objectives. He further believed that the workload would be evenly distributed between the workers and management with management performing the instruction and the workers performing the labor, each group doing the work for which it is best suited.

As far as leadership is concerned, the study concluded that core leadership at Kengen support corporate strategy and this may be a contributor to relative effectiveness in implementation of corporate strategies. Shingo (2005) in his study emphasized that an integrated methodology that incorporates variability of processes and concurrently optimizes leadership is essential. Houtzeel (1992) also demonstrated that the proposed integrated optimization approach can significantly improve a leadership system with respect to total Work in Process (WIP) in the system, utilization and success in achieving objectives of organizations.

5.4 Recommendations

The study recommended that there is need for Kengen to overhaul or improve the existing organization culture and participate more actively on corporate social responsibility activities in order to support achievement of its corporate objectives. Adeyemi and Salami (2010) found that Organization culture was vital in the implementation of corporate strategy, yet the majority at Kengen expressed the view that existing culture was non-supportive. The study further indicated that an appropriate corporate social responsibility could lead to business success and vice versa.

5.5 Areas of further research

Strategy implementation involves theories including agency theory, organization theory, social system theory, expectancy theory e.t.c. Future research on strategy implementation could consider the use of communication theory or innovation diffusion theory. Current trends in implementation research have tended to combine different research methods (such as interviews and surveys) together in order to achieve more robust results. Effective combinations of different research methods (e.g. experiments and field observations) could provide better results.

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Appendix 1: Introductory Letter

KEPHA OTIENO OMUOSO

KENYATTA UNIVERSITY

P O BOX 43844

NAIROBI

Dear Sir/Madam

RE: DATA COLLECTION ON CHALLENGES AFFECTING IMPLEMENTATION OF CORPORATE STRATEGIES IN THE ELECTRICITY SECTOR (A CASE OF KENYA ELECTRICITY GENERATING COMPANY LIMITED)

I am a student from Kenyatta University undertaking a master's degree in business Administration specializing in strategic management. I am currently carrying out research study on challenges affecting implementation of corporate strategies in the electricity sector. I am kindly requesting you to provide me with information regarding Kengen, through filling the questionnaire to assist me in my research work. The information given will be treated with utmost privacy and confidentiality and will only be used for the purpose of this study.

Thank you in advance.

Yours faithfully

KEPHA OTIENO OMUOSO

Appendix 2

QUESTIONNAIRE

I am a Masters of Business Administration student at Kenyatta University carrying out a research on "Challenges affecting implementation of corporate strategies in the electricity sector in Kenya (A case of Kenya Electricity Generating Company)".

This is to request you to kindly fill in this questionnaire by responding to the following questions. The information gathered shall be treated in confidence and shall be used for the purpose of this research only.

Date: ---------------------------------

Kindly mark an X against your preferred choices.

For the purpose of this questionnaire, Strategy Implementation is defined as follows:

The process that turns plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plan's stated objectives in time, Kotler (1984).

SECTION A: PERSONAL /ORGANIZATION DETAILS

1. Department: -----------------------------------
2. Gender: Male [ ] Female [ ]
3. Age of respondent

   20-30 yrs [ ]

   31-40 yrs [ ]

   41-50 yrs [ ]

   51-60 yrs [ ]

4. Level of Education

   No formal education [ ]

   Diploma level [ ]

   Undergraduate [ ]

   Postgraduate [ ]

   Other (Specify) ---------------------------------

5. Level in the organization.

   Middle level [ ]

   Senior level [ ]

6. What is your view towards KenGen's corporate strategy (Horizon 1 – 500MW by 2013)?

   Essential to business growth [ ]

   Drain on organization resources [ ]

   Critical to organization survival [ ]

7. KenGen's corporate strategy has been effectively communicated to all staff?

   Strongly agree [ ]

   Agree [ ]

   Disagree [ ]

   Strongly disagree [ ]

SECTION B: TO WHAT EXTENT DOES ORGANIZATION CULTURE AFFECT IMPLEMENTATION OF CORPORATE STRATEGY

	5 Strongly agree	4 Agree	3 Don't Know	2 Disagree	1 Strongly disagree
KenGen has a culture (core values) that I easily identify with?					
KenGen culture discourages innovation and creativity					
There is lack of compatibility between strategy and culture					
KenGen leadership and staff are committed to its core values					
Existing culture does not create competitive environment					
Implementation of strategy encounters resistance due to deep rooted cultural bias					
Employees see changes as threatening and tend to favour continuity and security					

SECTION C: TO WHAT EXTENT DOES RESOURCE MANAGEMENT AFFECT IMPLEMENTATION OF CORPORATE STRATEGY

	5 Strongly agree	4 Agree	3 Don't know	2 Disagree	1 Strongly disagree
KenGen allocates resources fairly towards implementation of corporate strategy					
KenGen allocates adequate resources to implement corporate strategy					
KenGen has a staff skills development plan that is linked to corporate strategy					
Adequate training is given to staff					
Level of staff skills affect implementation of corporate strategy					
Strategy implementation teams have inadequate experience in strategy implementation					

SECTION D: TO WHAT EXTENT DOES CORPORATE SOCIAL RESPONSIBILITY AFFECT IMPLEMENTATION OF CORPORATE STRATEGY

	5 Strongly agree	4 Agree	3 Don't know	2 Disagree	1 Strongly disagree
KenGen participates in CSR activities					
The level of participation of Kengen in CSR activities is adequate					
CSR activities influence implementation of corporate strategy					

SECTION E: TO WHAT EXTENT DOES LEADERSHIP AFFECT IMPLEMENTATION OF CORPORATE STRATEGY

	5 Strongly agree	4 Agree	3 Don't know	2 Disagree	1 Strongly disagree
Core leadership of Kengen support implementation of corporate strategy					
Leadership influences implementation of corporate strategy					
Leadership has not put proper structure to reward strategy implementation					
Current leadership is not transformative					

There exists a powerful group who regard implementation of new strategy as a threat to their power					

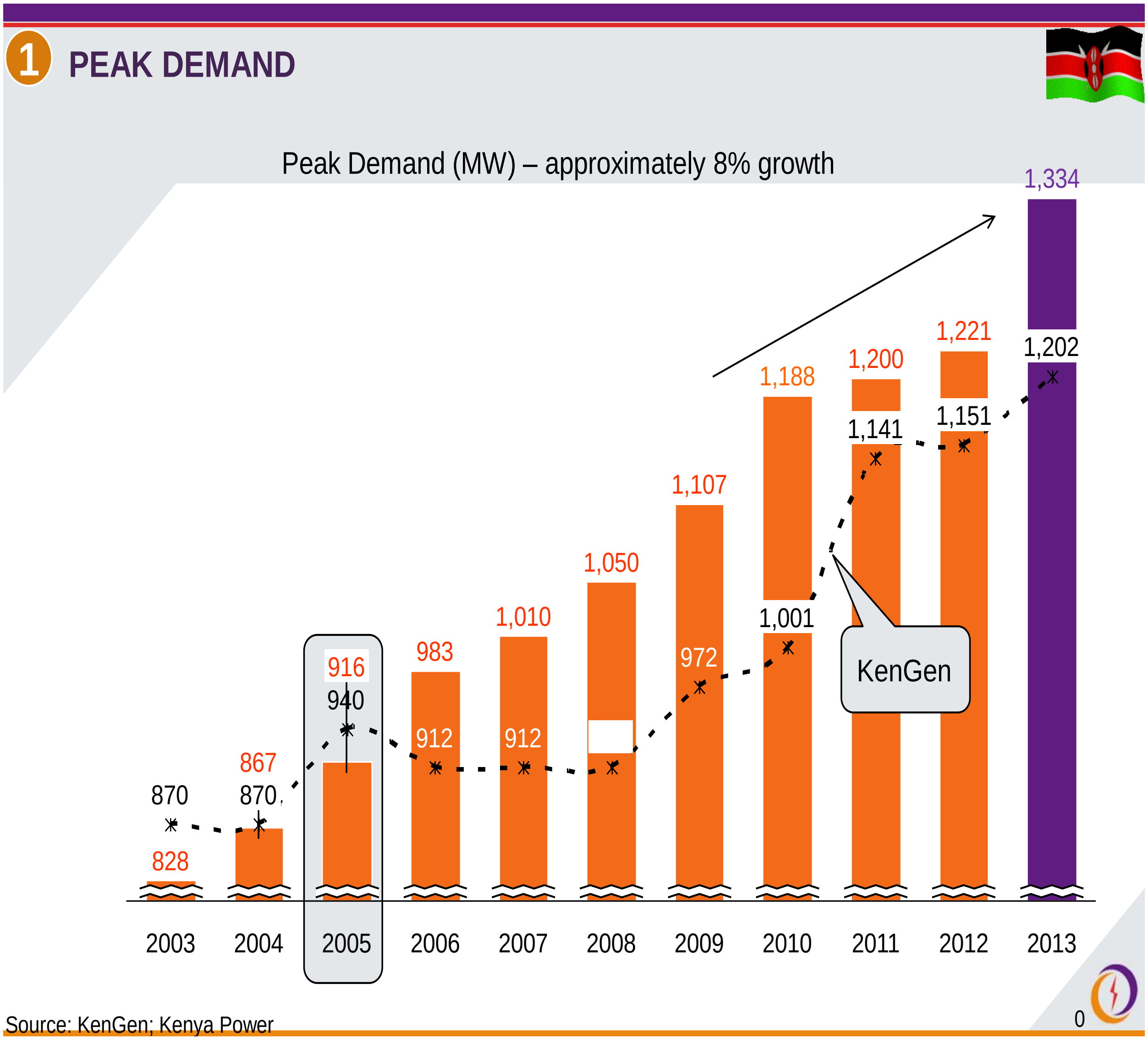
In your opinion how come some corporate projects at KenGen get implemented successfully on time while others get delayed or get abandoned altogether?

Thank you very much.

God bless you.

Kepha Omuoso

Appendix 3.

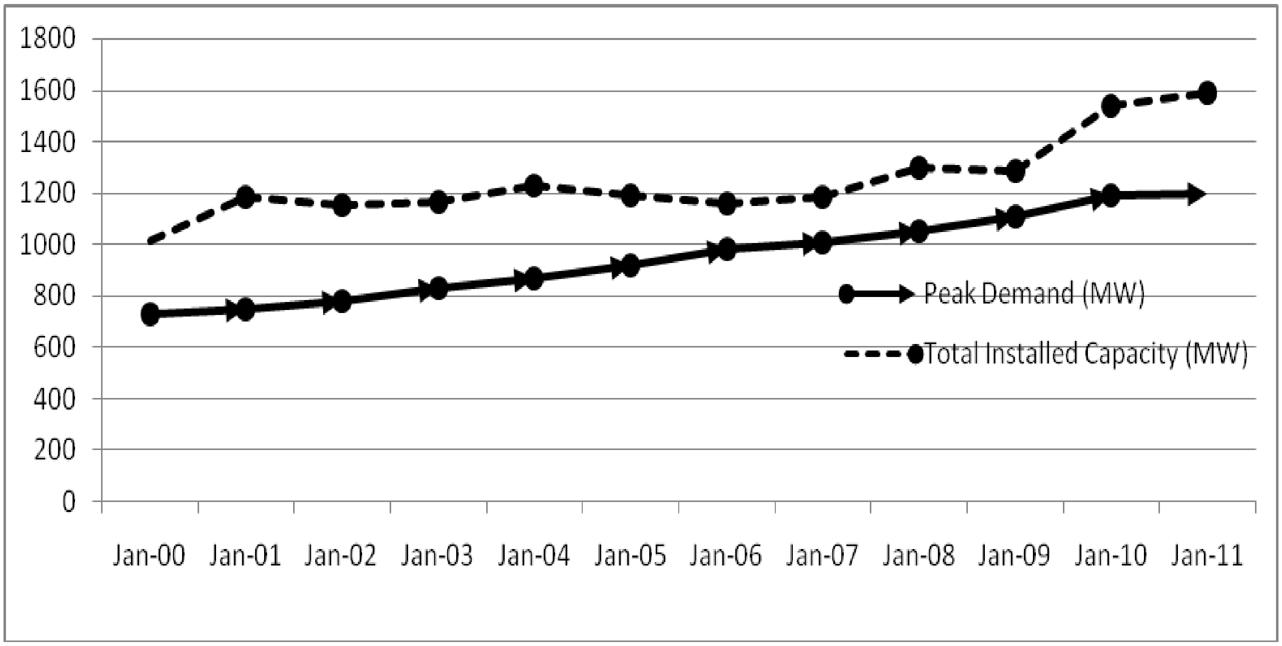

1
PEAK DEMAND
Peak Demand (MW) – approximately 8% growth
1,334
1,221
1,200
1,188
1,202
1,141
1,151
1,107
1,050
1,010
1,001
983
972
916
940
912
912
867
870
870
828
KenGen
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
0
Source: KenGen; Kenya Power

Appendix 4.

TOTAL ELECTRICITY DEMAND/SUPPLY IN KENYA OVER THE PAST 12 YEARS AS AT JANUARY 2011.

Year	Jan 2000	Jan 2001	Jan 2002	Jan 2003	Jan 2004	Jan 2005	Jan 2006	Jan 2007	Jan 2008	Jan 2009	Jan 2010	Jan 2011
Peak Demand (MW)	733.6	748.19	779.62	828.54	867.6	916.434	983.49	1010.6	1050.37	1107.36	1188.73	1200.65
Total Installed Capacity (MW)	1018	1188	1151	1165	1231	1189	1163	1187	1300	1285	1539	1593

Peak Demand/Total installed Capacity (MW)



Source: KenGen Financial report 2011

Appendix 5.

BUSINESS PROJECTS TO BE IMPLEMENTED UNDER HORIZON I (2008-2012)

Source: TMO (Kengen)

CP1: EFFECTIVE DELIVERY OF CURRENT PROJECTS

500MW

Initial Horizon I Projects

	PROJECT	CAPACITY (MW)	PLANNED COMMISIONING
1	Sondu Miriu	60	28-Mar-08
2	Kiambere Upgrading	20	28-Mar-09
3	Tana Redevelopment	20	19-Dec-09
4	Olkaria II 3rd Unit	35	15-May-10
5	Kipevu Combined Cycle	120	30-Aug-10
6	Ngong Wind	5	01-Aug-10
7	Eburru	2.5	01-Dec-10
8	Kindaruma 3rd Unit	32	01-Dec-11
9	Sang'oro	21	01-Sep-11
10	Olkaria IV	140	01-Jun-12
11	Chemelil	20	30-Jun-11
12	Kinangop Wind	30	30-Jun-10
13	Olkaria Geothermal	140	31-Dec-12
14	Raising Masinga Dam	0	08-Apr-10
	TOTAL	543.5	

Revised Horizon I Projects Portfolio

	PROJECT	CAPACITY (MW)	STATUS
1	Sondu Miriu	60	Commissioned
2	Kiambere Upgrading	24	Commissioned
3	Tana Redevelopment	20	Commissioned
4	Olkaria II 3rd Unit	35	Commissioned
5	Ngong Wind	5.1	Commissioned
6	Eburru	2.3	Construction
7	Kindaruma 3rd Unit	32	Construction
8	Sang'oro	21	Construction
9	Ngong Wind Power Project	20.4	Tendering
10	Kipevu III	120	Commissioned
11	Muhoroni MSD	80	Tendering
12	Pilot Wellhead	5	Construction
13	Wellheads	70	Tendering
14	Olkaria I & IV	280	Tendering *(Horizon II)*

Commissioned 264MW ~ 53%!

refocus to clear foreseeable barriers – wellheads / Muhoroni

1

Appendix 6

Performance details on finished projects

Project	**Capacity**	**Planned Completion Date**	**Comments**
Redevelopment of Tana	20MW	19-12-2009	Completed in 2011.
Kipevu 3 thermal plant	120MW	30-8-2010	Completed on time.
Kindaruma 3rd unit	32MW	1-1-2011	Completed in July 2012.
Olkaria IV	280MW	1-6-2012	Ground breaking in July 2012. To be completed in 2015.
Sang'oro	21MW	1-9-2011	Completed in July 2012.
Olkaria I(Unit 4,5 &6)	140MW	15-5-2010	Ground breaking in July 2012. To be completed in 2015.
Eburru	2.5MW	1-12-2010	Completed on time.
Ngong' Wind	5.1MW	1-8-2010	Completed on time.

Source: TMO (Kengen)

Appendix 7

LIST OF MANAGERS

FIRST NAME	LAST NAME	AREA
Francis	Kawa	Operations
Julius	Odumbe	Operations
Frank	Konuche	Operations
Geoffrey	Muchemi	Geothermal
John	Njuguna	Operations
Solomon	Kariuki	Tech Services
Joel	Ngugi	Operations
David	Kagiri	Project Execution
Elizabeth	Njenga	Capital Planning
David	Muthike	Transformation
Joseph	Ombogi	ICT Manager
Patrick	Kimemia	Supply Chain
Henry	Nyachae	Finance
Mary	Maalu	Finance
Maurice	Odundo	Internal Audit
Joseph	Okoto	Administration
John	Maina	Human Resources
John	Ndambiri	Regulatory
Henry	Ithiami	Tech Assurance
George	Muga	Tech Audit

Jennifer	Oduor	Property
David	Mwangi	Legal

Source: KenGen Website (2013)

LIST OF CHIEF OFFICERS

First Name	Last Name	Position
James	Mollo	Chief Accountant,Payroll
Ginalius	Njiraini	Chief Engineer,Control
Francis	Kamau	Chief Supplies Officer
Ibrahim	Salim	Administration officer
Charles	Anyega	Chief Finance Officer
Maloba	Opondo	Chief Resource Assess
William	Ndilu	Chief Engineer- Olkaria I
Joshua	Were	Chief Env Mgt Officer
Zachary	Oriko	Chief ICT Officer
Eliud	Kathutwa	Chief Administration
Festus	Mwilu	Chief ICT Officer
Clety	Kwambai	Chief Steamfield Mgnt
Julie	Mwaluma	Chief HR Officer
Ambrose	Kirui	Chief HR Officer
Robert	Ndoro	Chief Finance Officer
Stephen	Gumo	Chief Civil Engineer

Joseph	Mbugua	Chief Inf/Resource
David	Serem	Chief ICT Officer
James	Obondo	Chief Adm Officer
Dancan	Mukala	Chief ICT Officer,
Charles	Agwena	Chief Finance Officer
Paul	Wambugu	Team Lead Transfo
Abbas	Keya	Chief Finance Officer
Patricia	Mbwiri	Shares Registrar
Janet	Muhoro	Executive Assistant
Eric	Onyango	Chief Procurement
Elizabeth	Gachau	Chief Environ&Quality
David	Ngari	Chief Equip Mainte
Mary	Gachuhi	Chief HR Officer
Anthony	Kinuthia	Chief Engineer
Stephen	Ochieng	Chief Supt.-Technical
Paul	Mutua	Chief Engineer,Thermal
John	Kariuki	Chief Engineer,Technical
Francis	Makhanu	Chief Energy Planner
Gerald	Ngatia	Asst. Operations
Peter	Chege	Chief Hydro Projects
Moses	Nthiga	Chief Geoth Projects

Charles	Wambugu	Chief Engineer- Olkaria
Fredrick	Lamba	Chief Tranport Officer
Leonard	Kabira	Chief Plan & Logistics
Kizito	Yaola	Team Lead Transfo
Stephen	Ndirito	Chief Engineer - Upper
Jefter	Gisemba	Chief Procurement
Daniel	Barkalia	Chief Accountant
Samuel	Mwaluma	Chief Engineer-Gas
Lawrence	Mwagodi	Chief Engineer- Masinga
Reuben	Wekesa	Chief Engineer,Thermal
Sammy	Ndungu	Chief Relationship Mgt
Bethwel	Ogwayo	Chief HR Officer-
Florah	Mwawugha	Chief Environ Officer
Peketsa	Mangi	Chief Research
Francis	Makabwa	Chief Engineer- Tech.
Jennifer	Mbugua	Chief HR Officer
Beatrice	Chebelyon	Chief Leg Officer
Peter	Mwanyika	Chief ICT Officer -
Isaac	Maina	Chief Projects Officer
Martin	Makallah	Chief HR Officer-
Richard	Ochako	Auditor& I/Control Team

Kennedy	Mbani	Auditor& I/Control Team
Wilson	Kamau	Team Lead Business Processes
Simon	Kirui	Chief Engineer - Kipevu
Caroline	Kiara	Chief Supplies Officer-
Evans	Bett	Chief Engineer, Drilling
Margaret	Irungu	Team Lead -
Rufina	Achieng	Chief Audit & Internal
Duncan	Ogutu	Chief Risk Mgnt,
Catherine	Nyambala	Chief Quality & Safety
Shadrack	Munyalo	Chief Accountant
James	Mwangi	Asst Manager Eng &
Peter	Ouma	Asst Manager Reservoir
John	Theuri	Assistant Supply Chain
Kuta	Mwadzame	Chief Engineer-C/Eng
Eliud	Wamakima	Asst Manager,Technical
Samson	Kimani	Assistant Manager Op
Cyrus	Karingithi	Asst.Manager-Resource
Pius	Munyao	Assistant Manager - ICT
Elijah	Kibathi	Chief Engineer - Gitaru
Johnson	Njeru	Chief Capital Planning
John	Mwangi	Assistant Manager,

Celestino	Marete	Asst Manager,Projects
Alfred	Abiero	Chief Engineer, Sondu
Moses	Rono	Principal HR Officer
Nicholas	Kithaka	Chief Engineer-Kindaruma
Johnson	Ndege	Chief Engineer- Olkaria
Simon	Kibirah	Chief Procurement-
Barnabas	Kanda	Chief Spares Comm
Isaac	Tarus	Chief Engineer,Turkwel
Pacifica	Ogola	Chief CDM Officer
Thomas	Njau	Chief Fuel & General
Peninah	Ng'ethe	Chief Accountant,Mgt
Grace	Chepkwony	Chief Communication
Mary	Kaaria	Chief Administration
Eddie	Odhiambo	Asst. Supply Chain
Edna	Gitachu	Assistant Manager,
Simon	Njenga	Asst.Manager,Prot.Servic
Susan	Muchiri	Chief Property Officer
George	Ogwang	Assistant Supply Chain

Source: KenGen Website (2013)

Appendix 8

TIME PLAN

WEEKS

	PHASE	1	2	3	4	5	6	7	8
1	Proposal writing and defense								
2	Data collection								
3	Data analysis								
4	Report writing								
5	Compilation and presentation								

APPENDIX 9

BUDGET SCHEDULE

Printing of 51 pages @ 30/=	1,530/=
Reproduction of 6 copies @ 160/=	960/=
Binding 6 copies @ 80/=	480/=
Travelling expenses	10,000/=
Miscellaneous expenses	6,000/=
Data collection	15,000/=
Data analysis & computer run time	20,000/=
Printing & binding	10,000/=
Miscellaneous expenses	10,000/=
TOTAL	**73,970/=**