EFFECTS OF STRUCTURAL TRANSFORMATION ON EMPLOYEE PERFORMANCE IN KENYA ELECTRICITY GENERATING COMPANY

BY

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November, 2010
DECLARATION

This research project is my original work. It has not been presented for award of a degree in any other university

Signed .................................. Date 16-11-2010


This research project has been submitted for examination with our approval as the University supervisors

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DEDICATION

This work is specially dedicated to my family: my wife - Priscah Muli; and children Joan Mbiviu, Grace Syombua, Mark Kyallo and Timothy Mwendwa for the love and affection extended to me during my studies, even when I did not have time to give my best attention to them. The family persevered my absence even when present owing to the demanding nature of work I had putting together this paper. To them I say: To me you showed unending companionship; from me you should expect fathomless care!
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To the management of Kenya Electricity Generating Company, I shower a lot of grateful regards for giving me the opportunity to undertake my studies while I worked. Extend the same gesture to many more in future and KenGen shall continue becoming even a greater company and employer of choice for many more.

For the team spirit I experienced from by my year mates in the Master of Business Administration class, I can’t forget to laud the academic discussions shared with: Eliud Nkunja, Evans Sunday, Tabitha Muhu and Lenah Kaya. To these ones I say, may you attain the academic desires of your hearts!

Finally, and in a big way, I wish to acknowledge the perseverance and understanding of my family who were always there to encourage me whenever the going was a little tougher. You always reminded me that I am able and would make it. Thank you and share in my joy when this is accomplished in success.
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DEFINITION OF TERMS

Chain of command – hierarchy of management levels through which orders, communication and feedback flow

Commitment – degree of accountability and belongingness with the organization

Employee Performance – This refers to output levels in terms of the quality of goals set, team work, reaction time as well as commitment to the organization, all aligned to the strategy of the organization

G2G Transformation – A transformation that took place in KenGen between 2006 - 2010, as orchestrated by McKinsey Consultants

Job design – set of responsibilities and tasks handled by an employee in a work environment

Organizational structure – An outline of an organization’s reporting relationships that differentiate tasks and cluster people into particular work units

Quality goals – goals that are clear, easy to track; and essentially in line with an organization’s strategy

Reaction time – time taken to respond to a concert or inquiry; it can be used to gauge efficiency

Span of control – Number of subordinates reporting to a particular supervisor

Structural Transformation – This is a change in the reporting relationships which may entail adjustments in chain of command, span of control, realignment of functions as well as changing of work teams

Synergy – Outcome of concerted effort by team members; better explained by the statement that: the whole is greater than the sum of individual parts

Work team – an organized group of colleagues at the work place who perform related tasks together
### ABBREVIATIONS AND ACRONYMS

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<th>Description</th>
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<tr>
<td>BDS</td>
<td>Business Development and Strategy division</td>
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<tr>
<td>CIE</td>
<td>Compagnie Ivorienne D’Electricite (Ivory Coast’ electricity generating company in the 1990s)</td>
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<td>EELPA</td>
<td>Ethiopian Electric Light and Power Company</td>
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<td>GDC</td>
<td>Geothermal Development Company</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>G2G</td>
<td>Good-to-Great transformation in KenGen</td>
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<td>HR&amp;Admin</td>
<td>Human Resource and Administration division</td>
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<tr>
<td>IPO</td>
<td>Initial Public Offer</td>
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<tr>
<td>IPPs</td>
<td>Independent Power Producers</td>
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<td>KenGen</td>
<td>Kenya Electricity Generating Company</td>
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<td>KPLC</td>
<td>Kenya Power and Lighting Company</td>
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<td>LCPDP</td>
<td>Low Cost Power Development Plan</td>
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<td>MW</td>
<td>Megawatt</td>
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<tr>
<td>OD</td>
<td>Organizational Development</td>
</tr>
<tr>
<td>UK</td>
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ABSTRACT

The study sought to find out the effects of structural transformation on employee performance in the Kenya Electricity Generating Company. It singled out structural parameters such as chain of command, span of control, job-redesign and work teams, and their effects on the performance of employees in the organization. The study used the survey research design. The target population was nine hundred employees. However, a sample of ninety was selected using proportional stratified sampling technique and the random sampling method within the six business divisions of the Company. A questionnaire and an interview guide were used to collect data. Out of the expected response rate of ninety, a total of seventy-four reacted to the questionnaire and interview. Data analysis was done using descriptive statistics, where the researcher used an excel spread sheet to draw proportions and percentages for the closed-ended questions, while responses from the open-ended questions and interview were analyzed using discourse analysis. Findings of the research indicated that changes in chains of command, span of control, work teams as well as job-redesign in the organization led to an improvement in employee performance. In line with these findings, and to ensure a sustained improvement of employee performance, the researcher recommends a reduction of management hierarchies, a reduction of the number of supervisors, thus larger work teams and the establishment of policy provision to ensure constant review of employee job roles.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Organizational restructuring is often used as a business strategy for a renewed competitive edge and entails a combination of internally initiated turnaround moves in regard to organizational culture, business processes and most often on financing strategies. While a lot of study has been done in view of financing strategies, enough is yet to be done in regard to structure, and working relationships and their implications on performance.

Electricity generation is a function that falls under the power sector. The sector plays a very strategic role in the general development of an economy; supplying power for domestic and industrial use, oil for automobiles and industrial plants, etc. Owing to the sensitivity of the power sub-power sector, government control and ownership has been paramount so as to protect the public interest (Kenya Engineer, 2009).

The lack of competition coupled with controlled tariffs has contributed to massive inefficiencies in the functional operations and management of the public utilities. For instance, in Kenya, like most sub-Saharan Africa, the power supplied has not been matched to the demand. The two key sources of power in Kenya, that is electricity and solar power, has not been able to cope with the rising demand.

On the power sector, Bhagavan (1999) quotes Dube (1996a) to have noted that years of vertical and horizontally integrated monopoly structure and public institutions government dominated ownership have not produced sufficient service benefits. Instead, the industry has recorded unsatisfactory technical, financial and staffing performances, turning into a loss maker whose survival in some ways depend on bail-out arrangements.

These, coupled with the intense capital nature of the electricity industry, called for key reforms and private sector involvement. The changes sought for in this sector cascade down to individual organizations in the tasks performed, the formal structure and also the way staff relate informally to each other.
There are various ways of tackling these issues and governments have come up with policies aimed at making the power sector more viable and efficient. Consequently, particular restructuring moves have been preferred in bid to correct the situation.

In Kenya, according to KenGen Management reports (2006/7), such moves started in the 1990s with The Kenya Electricity Generating (KenGen) Company, being hived off from the Kenya Power and Lighting (KPLC) Company. This was a major transformation in the power sector which saw the two companies split operations, share facilities including staff as well as infrastructural facilities. The main aim was to separate the power generation function from the transmission and distribution function for an improved efficiency in service delivery. The split saw KenGen take charge of generation while the KPLC retained the transmission and distribution function. The Company is owned partly (70%) by the government and the public (30%).

KenGen generates over 75% of the total electric power supply in Kenya while the remaining share is taken over by Independent Power Producers (IPPs). Its sources are hydro, geothermal, wind, diesel and gas, and have an installed capacity of 1006.43 Megawatts. Their constituent Megawatt capacities stand at: Hydro 677.28, Geothermal 115, Thermal/gas 213.8; and Wind 0.35 (KenGen Management reports, 2006).

Over the years KenGen has undergone a number of major structural transformations some of which include the Initial Public Offering (IPO) in 2006; the Good-to-Great Transformation from 2007-2010 and the formation of the Geothermal Development Company (GDC) which was hived off from the Geothermal function of the company in 2009. Such restructuring moves form the gist of this study, (KenGen Management Report, 2007 and 2010)

As opposed to other sporadic changes encountered since inception, the company initiated a transformation spanning from 2006 to 2010, dubbed the ‘Good to Great (G2G) Transformation’. This is a major restructuring move of all times the Company has had to go through, one that is yet to be experienced by any other firm in the sector. This restructuring move was recommended by McKinsey business consultants in 2006 and sought to boost the levels of generation from the present installed capacity of 1100 MW by 2000MW, by 2018. McKinsey cited heightened pressure to boost electric power production in the country
(owing to rising demand), alongside a competitive sector environment as key among the reasons behind the transformation move.

The reforms have led to substantive changes in both the structure as well the operational processes of the company. And, consequently, it is anticipated that such changes have had crucial implications on staff orientations worthy investigating.

1.2 Statement of the Problem

In bid to improve their efficiency and responsiveness to environmental challenges, organizations have over time sought to institute reforms, changes and restructuring programs of varied magnitudes.

Advancing a discussion on the effects of organizational restructuring on human resource management, Salaman (2005), states that the aspirations and principle underlying many recent structural changes seem to underpin the ideas of human resource management. He explains that organizational restructuring has a direct implication on performance at work. This gives an impetus on the glaring need to investigate the specific effects a restructuring is bound to have on employees, most especially on their performance.

Mullins (2005) draws a close link between organizational restructuring and organizational development (OD), and cites aims of OD as not only improving organizational efficiency and effectiveness but as well as the motivational climate, consisting of the set of employee attitudes and morale which influence their level of performance. Relating the two terms on organizational aspects, he points at the criticality of studying how the two would impact on performance which is the key driver of organizational success.

According to the Kenya Engineer (2009), most (power generating) utilities have no organizational architecture to drive performance. This has been associated with improper organizational structure which impact on the level of employee performance in the organization. The journal further adds that proper organizational structuring is requisite for proper leadership which in turn directs employee performance. This further underscores the importance of undertaking a research on the topic of structure and performance.
In 2006, KenGen instituted an organizational transformation (the Good-to-Great Transformation) meant to enhance its responsiveness to demand pressure as well as to turn around it operational excellence, (KenGen Management Report, 2007). Part of this transformation outcome was the restructuring of its organizational structure meant to ensure a realignment of its operations for a more effective staff performance.

This change of structure would impact on performance parameters of quality of goals setting, synergy, staff commitment as well as their reaction time yet no scientific research has been undertaken to this effect. The study therefore, seeks to specifically explore the effects of the structural aspects of the transformation like chain of command, span of control, job re-design as well as work-teams on the performance of employees.

1.3 Research Objectives

1.3.1 General Objective

To find out the effects of structural transformation on employee performance within Kenya Electricity Generating Company

1.3.2 Specific Objectives

i) To find out how chain of command affected employee performance in KenGen
ii) To establish the effects of span of control on employee performance in KenGen
iii) To determine how job-redesign affects employee performance in KenGen
iv) To investigate the effects of work teams on employee performance in KenGen

1.4 Research Questions

i) How does chain of command affect the level of employee performance in KenGen?
ii) What effects does span of control have on employee performance in KenGen?
iii) How does job-redesign affect employee performance in KenGen?
iv) What implications do work teams have on employee performance in KenGen?
1.5 Significance of the Study

KenGen is both owned by the public and the government of Kenya. Findings of this study are of interest to both the government as policy makers as well and other stakeholders like the shareholders who shall be able to understand their company better. This information shall equally be used by the management of the company in decision-making.

Other scholars need this information in further research activities, while other corporate entities and the energy sector may find the findings of the research useful in their future policy initiatives and study on organizational change and performance.

1.6 Scope of the Study

The study specifically explored the implications of structural transformation on the performance of employees within KenGen. Data was collected from all the business areas of KenGen, that is, the Central Office in Nairobi, Western Hydros (Kisumu), Eastern Hydros (Embu), Kipevu (Mombasa), and Geothermal (Naivasha). The researcher targeted the middle-level management as respondents who make the bulk of the staff in the organization.

The union staff were not targeted for the study owing to their limitations in understanding the aspects in question. Despite the possible wide range of objectives of the company’s transformation, no investigation whatsoever was done on the effects of the restructuring on other aspects like operational processes, generation plants, financial position of the company, so as to maintain focus on the desired objectives.

1.7 Limitations of the Study

The researcher anticipated a reduced response rate due minimal follow-up owing to the distances involved between the business areas as well as lack of any real motivator for respondents. It was equally anticipated that responses would tend to be skewed owing to the management’s skepticism in giving the researcher, who is a member of staff, all information required. Juggling between work and research was as well expected to limit the researcher’s expediency in undertaking the study. Further, lack of adequate research materials was too
envisaged to be a limitation of this study. However, to be able realize adequate data and response, the researcher used the guided interview method with the senior management as opposed to the use of a questionnaire. Further, the researcher sent the questionnaires directly to the personal in-boxes of each respondent for a better response.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

For the purpose of this study, literature shall be reviewed on basis of organizational restructuring, structural transformation and performance. The review shall unveil theoretical approaches to organizational structure and change in bid to enhance performance and effectiveness. Theoretical review shall be meant to bring out the generally held truisms on classical and contemporary approaches to organizational change and its potential impact on employee performance. Several theories shall be reviewed on this basis.

A further review of past studies shall be related in regard to the various parameters of structural transformation whose overview shall be used as the basis for establishing research gaps for study in the paper. Finally a critical review of the literature shall be drawn to point out eminent research gaps to be addressed.

2.2 Theoretical Review

Various theories have been advanced in attempt to understand how organizations work with a view to improving performance. The theories underscore scenarios on how change occurs in an organizational set-up and their probable implications on its crucial components and processes.

2.2.1 The Systems Theory

Stoner (2003) explains that the systems approach views the organization as unified purposeful system composed of inter-related parts, as opposed to dealing with separate segments of the organization. The theory looks at the organization as a complete system, and as part of the larger external environment. This approach views the activities of any segment of the organization as affecting, in varying degrees, the activities of every other segment therein. For instance, changes in the structure of an organization have a bearing on the performance levels of employees in the organization. On the same line, Lawton et al (1994), adds that the ability of a system to perform id dependent upon what inputs goes in;
happenings within the system itself. In this light, an organization’s structural parameters can be viewed to be inputs into the organization and their typologies and coordination have a bearing on the quality of outputs thereof, the performance of the organization; its employees.

Changes in one part of the system will affect the operations of other parts of the system. Stoner explains that a change in the organizational structure (span of control, chain of command, work groups with specific objectives and job designs) will disrupt the status quo in productivity and performance. He adds that systems oriented managers make scheduling decisions only after they identified the impact of certain of these changes on employee orientations; other departmental operations and the entire organization.

Stoner further argued that at the core of the systems approach is the notion that the management, departments or even employees cannot function wholly in isolation but that they must mesh their departments with the whole enterprise. To do that, they have to communicate not only with other employees and departments, but frequently with representatives of other organizations as well. The approach basically emphasizes the importance of webs of business relationships for their optimal performance and a necessity for concert in pursuit of the synergic effect.

The systems theory as described by Bartol & Martin further recognizes the existence of an open system, an entity that interacts with the environment, as opposed to a closed one. They argue that efficient systems allow for interaction and flow of components such as information and energy through proper and elaborate structures. In this light, Lawton states that organizations need to be adaptive to respond to changing inputs, and therefore the process of management and organizational structuring will need an environmental orientation. The flow of information, for instance, elicits feedback as part of the systems control in which the results of actions are returned to the source thus allowing work procedures to be analyzed and corrected.

In regard to the systems approach, structural aspects, which are an outcome of the communication process within the organization, form the basis for organizational interactiveness and information flow. Koontz & Weihrich (1974) argue that changes in the structure of an organization will result in the disruption of such interactions and flow of
information and feedback, which may affect performance; thus the relevance of studying the systems theory in any research on structural transformation.

2.2.2 Organizational Restructuring Process

Earlier literature has shown that restructuring process has tended to follow two mutual, but not exclusive reform paths. According to Dube, 1996 as quoted by Bhagavan (1999), one of the paths, characterized by faster transfer of ownership of utilities could be termed an 'ownership reform path' while the other characterized by physical changes in the organization set up, is commonly called a 'structural reform path'. These two reform paths, implemented single or jointly offer possibilities of reform programs and a possible enhancement of performance.

The ownership reform path, according to Bhagavan, seeks to transfer ownership and control of the utilities from state monopolies to popular participation and ownership through market competition. The ownership changes can be summarized to include: government ownership, commercialization, corporationalization, privatization, etc. He adds that the rationale for this reform path is that there are limits to what governments do and that certain economic undertakings, particularly industrial enterprises, can be handled more effective by the private sector. It stresses the need to reduce scope of government involvement in the economic activities where it has become too big, amorphous and very wasteful to allow private sectors operate efficiently and function as an engine of growth for the economy.

In this case the government sets the agenda to divest itself of all or part of its ownership and control of the enterprise functions and organizational structures. Corporation and commercialization are the immediate steps between the most interventionist form of state ownership and privatization. In commercialization the government no longer intervenes on a day to day basis in the areas such as tariff setting, employment (Bacon, 1994). An important feature of commercialization involves performance contracts which contain performance targets, both fiscal and financial, and reciprocal obligation between the regulator and the operator.

On the other hand, the structural reform path calls for the vertically integrated utilities to separate functional units where, for instance in the power sector, generation is separated
from transmission, and transmission likewise from distribution. Horizontal separation is also possible within each of the industry’s operational stages whereby the internal organizational structure of the firm is restructured to suit certain objectives of the organization. This is the kind of restructuring this paper seeks to explore.

2.2.3 Structural Transformation in the Energy sector

Over the years, the vertically and horizontally integrated monopoly structures of the government dominated energy sector have not produced sufficient service benefits. Instead the sector, according to Bhagavan (1999), has recorded unsatisfactory technical, financial and staffing performances, turning into a loss-maker whose survival has constantly depended on bail-out arrangements.

The emergence of Independent Power Producers (IPPs) has also been another development bend towards telescoping the restructuring process in the sector. Bacon (1994) wrote that this means the opening of generation to competition in some form. An auto-generation here or free generation (as opposed to co-generate) allows IPPs to invest in generation and sell of power to the central grid.

According to a World Bank Report of 1995 a number of studies were conducted in the sector to find out how such reforms have been pursued by individual countries and reforms preferred. Such reforms have/are taking place in many countries in sub-Saharan Africa including Uganda, Tanzania, Zimbabwe, Malawi and Kenya, of late. Most countries in Latin America and South East Asia have already implemented their reforms. In Thailand a resolution to privatize the power sector was approved in 1992. Similar reform process started in Chile in 1978, and included staged privatization.

Bacon further explains that such moves have come along with risks and benefit in such areas as ownership, control, liability and tariff and setting, and all are bound to have their specific implications on staff working in the sector. For instance, the process in Chile (1978) which entailed both vertical and horizontal separate within each of the stages, encountered transitional problems in the process of creating a competitive market structure. Similar moves in Cote D’ivoire in the 1990’s brought many improvements in the company’s (Compagnie Ivoirienne d’Electricite -CIE) overall performance and registered large gains in
productivity. Power losses reduced from 20 – 17%, average outage came down from 50 – 18 hours per system failure (World Bank, 1995) share holders received increases of up to 10% in annual dividend. Such development gains have motivated similar moves in other countries in the region.

A Tanzanian case on the essence for restructuring cited factors ranging from low access to electricity (at 6%), capital intensive nature of the electricity sector alongside other external factors like the change of policy in the Soviet Union in favor of private sector; UK ideology change de-emphasizing the private sector; multilateral source of power sector financial source change of approach, e.g. the World Bank stressed commercial principles. These factors coupled with a steady advancement of technology allowing for new entrants to produce power below the average cost of established utilities, a spreading enthusiasm for private ownership of utilities and the introduction of competition as a substitute for regulation in certain parts of the electricity sector as a means to improve efficiency and lower costs propagated the reforms.

An Ethiopian case (1998); the Ethiopia Electric Light and Power Authority (EELPA), cites the existence of sufficient technical skills to construct the utilities but lacked the forecasting and integrated planning skills required to develop a least cost program, just like in Zambia where restructuring was preferred so as to suffice for prevalent brain drain in the sector further south, to Botswana.

Basically, utilities through the world have been undergoing structural transformation with a view to introducing competition in an industry which was once a natural monopoly. Considerations have been explored to give out these utilities on management contracts with specified tariffs and a target number of new customers to be serviced if performance efficacy is to be attained.

2.2.4 The Structural Transformation in KenGen

KenGen required to transform itself so it can successfully meet the combined objectives of its shareholders, its customers and the citizens. Like in most other countries in the region, this move was essentially occasioned by factors among; the company’s move towards an Initial Public Offering (IPO); reforms in the electricity regulatory environment; demand
growth and supply shortages, and an increased regionalization of the electric power market in East Africa.

To successfully face these challenges, the organization moved to launch a transformation journey. The Kenya Engineer (2009) cites an excerpt on the challenges facing the energy sector in sub-Saharan Africa. The citation argues that to measure up to the challenges posed here about, a robust management sector (right from the government level down to the utilities themselves) is a critical enabling factor for electricity delivery in the midst of power sector reforms.

In the journal it is argued that, to break away from desperate dependence on Low Cost Power Development Plan (LCPDP) which is based on projected Gross Product growth rate, KenGen set out in 2004 to commercialize through an IPO (Sessional Paper No. 4 of 2004). In the IPO the government offloaded 30% of its shareholding in the company to public. The focus was that privatization would expose the company to shareholder pressures and the need to improve internal efficiencies, minimize waste and increase productivity. As a result new critical objectives sought by the organization included; adequate and reliable power, delivery of returns to shareholders, and affordable power.

At this point, in 2006, the company realized the need to transform and create sustainable value for the country and its wider stakeholder public. They sought to unveil a robust transformation strategy that would shape how the company operated going forward.

The company contracted McKinsey Consultants to draw a future trajectory path. The outcome was the Good to Great (G2G) transformation strategy that seeks to add 2,000 MW of capacity especially from geothermal energy over 10 years to meet the Kenya energy needs in line with the country’s vision 2030, (KenGen Management Report, 2007).

McKinsey consultants identified specific challenges facing the company’s strategy and operational direction including; changes in the Regulatory environment which entailed an increased competition, the establishment of the Geothermal Development Company and a new Procurement Act. Further challenges entailed a growing performance pressure which included high financial results expectation from new private investors, new levels of organizational required and growing pressure to produce cheaper power; significant demand
growth in electricity owing to a growing economy (desired 10% GDP growth) and a drive for an increased electrification. The threat of a regionalization of the sector in which there was a growing market capacity, the development of interconnecting grid in the East Africa region and a significance capacity expansion in the region were equally issues to address.

To face these challenges, McKinsey went ahead to set key transformation objectives for KenGen which included the development of a robust strategic plan, a reduction of the overall cost position of the company, a road map to transform the company into a performance driven organization, and the urgency to build internal capacity to relentlessly drive implementation of the strategy.

In the G2G strategy, the company was to focus on four critical areas (strategic pillars) for a realization of the transformation objectives. These are the overall strategic direction; focusing on a move to a performance driven organization; capital strategy and Execution to meet increasing power demand and a right decision on generation build; operational Excellence which entailed a focus on operational execution and organizational efficiency towards affordable and reliable power; and organizational Health which points to a new cultural footprint, a value-driven, performance-based and a learning organization. The execution of such strategy, especially the organizational health beam, has a crucial implication on employee orientations as it entailed a restructuring of organizational structure.

In order to improve performance, the consultants proposed a restructuring in the chains of command, work groups, span of control as well as job redesign of the most crucial jobs in the company. Changing the organization’s structure would have a direct implication on staff and consequently on their performance, an aspect that may warrant an investigation.

2.3 Past Studies
Organizations undertake reforms and restructure themselves so as to cope with changing business environments and enhance their business performance. Most of literature and past studies on organizational restructuring deal basically with the financing aspect of businesses
discussing the various strategies used to finance organizations, and the various changes and reforms thereof. Much less has been done in regard to structure and working relationships, hence the gist of this study. The study has singled out chain of command, span of control, job redesign and work teams for investigation on their implications to employee performance since the structural transformation in KenGen had most bearing on these particular parameters.

2.3.1 Chain of Command and Performance

Organizations have relied on lines of authority and hierarchy to manage their operations for an effective performance. Operational functions and departments are coordinated through the chain of command which establishes reporting relationships between the lower level and the top managers. These lines of authority and responsibility determine the channels for relaying instructions and feedback for the achievement of desired organizational goals.

Roseman (1989) posed that too long chains of command tend to bring about a disconnect between the bottom and the higher-up managers keeping them away from each other. He adds that this makes the relay of information take too long hindering productivity. His study cites hindrances on the effectiveness of the chain of command to include; task forces, work teams and other informal contacts. He argues that these social contacts developed in different ways outside the formal channel tend to weaken the strong links of the chain of command. He further reiterates that higher-ups, those high up in the chain of command often to violate it, for instance by speaking directly to employees, which practice he argues weakens the chain of command. His study though giving crucial insights into the operations of the chain of command, tends to incline more towards the management of chains of command as opposed to its implications on performance.

This research shall thus seek to bring out a scientific outline of the implications of chain of command, as opposed to the unsupported assumptions posed that taller the chain of command, tends to slow down the flow of information, decision-making and feedback mechanism. It will explore how chain of command impacts on the levels of cohesion between functional groups, and the motivation levels and thus the determination of performance efficiency.
2.3.2 Span of Control and Performance

The number of direct reports a manager receives and supervises within the organization can be altered by the organization management from time-to-time and is bound to impact on the performance of the individual workers and the supervisor as well.

According to Stoner et al (2003), choosing the appropriate span of control for an organizational hierarchy is important for several reasons including; the fact that span can affect what happens to work relationships in any particular department. Too wide span of control may mean that managers are over-extended and employees are receiving too little guidance and control. Thus managers may be pressured to ignore or condone serious errors. As well employee efforts may be stymied because feedback will be slow, directives unclear, etc. On the contrary, too narrow span of control is ineffective because managers will be unutilized.

They further argue that span of control can affect the speed of decision-making where multiple levels in the organization hierarchy are necessarily involved. Narrow span of control create tall hierarchies with many levels in between. Here, a long chain of command slows decision-making, a disadvantage in today’s rapidly changing business environment. Wide spans of control create flat hierarchies, with fewer management levels between the top and the bottom.

This clearly indicates the criticality of span of control in the optimization of organizational performance. Stoner explains that earlier in the century writers tried to determine the maximum number of people one manager can supervise and concluded a universal maximum of six, but scenarios have changed and a clamor for flatter organizations has ensued. Thus the numbers are seen to vary per organization requirements. However, there is need to figure out the essence for the establishment of an optimal span of control for optimal staff performance.

Stoner et al states that Hammond (1990) quotes Gulick (1937) stating that it is not known what the span of control should be, and called for additional research on the topic so that more precise answers might be obtained. He adds that as public administration has shifted from the principles approach, little effort has been put towards this question, leaving
scholars with limited knowledge about how variations in span of control can affect organizational performance.

They add that Hammond unveiled a further contradiction over span of control in regard to Simon’s (1946) discussion that if the span of control is limited, the number of levels within an organization hierarchy will increase. He posed that as the number of levels increase, the amount of red tape moving across different organizational levels also tends to increase. Further studies were therefore required to establish the optimal levels of span of control that would sustain desirable performance.

Review on literature reveals an emphasis on the importance of span of control and its criticality in when examining how organizations perform, but on the contrary, little systematic research examines how span affects performance. In a research paper Meier (2000) reiterates the revelation of Woodward’s (1980), classic study of British industrial firms, that span of control varies a great deal across different organization settings but did not mention the impacts of its variability. He notes that Woodward’s study remains one of the few systematic studies of span of control and organizational performance. Further studies on the subject only tried to determine the exact span of control in organizations but did not relate it to performance. On his part Meier (2000), like most other researchers on this topic, studied the relationship between span of control and student performance, and not employee performance.

Gaining a better understanding of how varying spans of control affect organizational performance is important from the stand-point of informing the varied stakeholders as well as the existing theories of management-employee relations. This makes the topic a rich area for an academic study.

At the organizational, when organizations restructure, realignments occur moving certain of the direct reports from their departments to join other teams, thus reducing or increasing the numbers a particular supervisor is responsible for. There is thus a need to investigate how such changes in structure affect employee performance.
2.3.3 Work Teams and Performance

Stoner et al, (2003) quotes Jon Katzenbach et al who suggested that performance challenges are the best way to create teams and that team basics include size, purpose, goals, skills, approach and accountability; which aspects are often overlooked. Best performing teams have rules which enhance their performance, and these include: addressing specific, concrete issues rather than broad generalizations; breaking down work and assigning to sub-groups and individuals; complementary role of team members each knowing what the other is meant to achieve; equity in sharing team tasks for a leverage of commitment to outcomes, and a break-away from the traditional hierarchy pattern of communication and interaction.

They cited salient characteristics for both formal and informal teams. He reiterated that successfully performing teams to be ‘super teams’; teams that were self-managed; drawing from different areas of the corporation (cross-functional) and without any formal supervision. However, structural transformation may lead to a re-composition of such teams which may have a bearing on performance of the members or the teams in entirety.

The basic theme of the work groups is the entrenchment of workplace collaboration; slowly replacing the traditional worker-manager tensions of the industrial management days. A variant of the self-managed teams, writes Stoner, is the command team composed of a manager and the employees that report to that manager. Further, there are the quality circles that are work teams set up to improve the quality of and productivity. They meet regularly to discuss work related problems, investigate causes and recommend solutions as well as take corrective action. Other work groups are temporary like task forces, project teams created to deal with specific problems and usually disbanded when the tasks are completed, or problems solved.

Stoner et al underscores the fact that presence of such groups in an industry means individual strategies for completing tasks are replaced by group methods for job accomplishment. They cite a study on XEL Communications Company (USA) in the 1990s which showed the organization’s management gist to display team performance on wall charts that tracked attendance, on-time deliveries and other variables; all meant to maintain team focus and to motivate the teams hence enhancing their performance.
Avigdor et al (2007) argued that diversity among groups in the workplace is a constant reality and that organizational scholars have not been able to establish a definite empirical link between group diversity and performance at the workplace because investigations of the direct relationship have produced mixed results. According to them, some have depicted negative effects (Ancona & Caldwell, 1992); whereas other studies have realized a positive effect. They note that; “Indeed, studies in the last ten years have continued to show such mixed results, and contemporary investigations of the diversity-performance link... typically find that the relationship depends on various processes and contextual factors”. There is thus a glaring need to undertake further investigations to firm up some of these presuppositions.

The diversity in groups is viewed to foster creativity and innovation which in turn improves performance. But Avigdor concluded that diversity has not been found to be reliably associated with performance on a consistent basis. They believed that the utilization of group dynamics would have a direct influence on the group’s performance but it was not clear how these dynamics would be measured.

General literature on work groups indicates their essence for the realization of desired organizational goals and the enhancement of performance. Only scanty citations feature on explicit workgroup implications on performance owing to the variant results exhibited by the various studies. Therefore, there is a need to undertake further research to allay the generalizations and seek clearer implications of work groups on performance.

2.3.4 Job redesign and Performance

Over time organizations have attempted to increase the variety of tasks that employees perform in order to improve their motivation and satisfaction at work. This is basically a work arrangement or re-arrangements aimed at reducing or overcoming job dissatisfaction and employee alienation arising from repetitive and mechanistic tasks. In an argument by Kelly (1992), he asserted that; “where job re-design led to employee perceptions of improved job content then employees were also likely to experience higher job satisfaction”. He however argued that job performance improvements were not significantly associated with such job perceptions, or job satisfaction, but was associated with other
aspects like pay rise and job losses among employees. He thus concluded that determinants of job performance are different from determinants of job satisfaction. Thus, while job-re-design appears to give employees higher job satisfaction, there is no strong evidence that in itself it motivates them to higher performance. Since this paper was on general Outcomes on Job re-design, such propositions can only be validated on a further research specific on the effects job re-design may have on performance.

Ugboro (2008) reported Griffin (1982b, 1991) to have found a positive association between work redesign and attitudes (job satisfaction and commitment), and increased productivity. These studies were general on the Effects of work re-design on Employee Perception. It should therefore be noted that the organizational context of these studies was free of organizational dynamics which restructuring creates. Since the survivors’ syndrome and new work environment set-up exerts a different kind of influence on employee perception, attitudes and behaviors, this study (which is done in a post restructuring organizational environment), is likely to produce results not captured by Griffin.

The objective of any job redesign following restructuring is to restore intrinsic job quality to pre-restructuring level or even increase it further for a motivation. On the contrary, in regard to the post-restructuring re-design, as Broskner, Weisenfied, Reed, Grover and Martin (1993), according to Ugboro, argued, survivor’s attention will be focused on coping with the demands of their increased job scope at the expense of an envisaged motivation which may lead to improved performance. These intricacies of re-design in a restructured organization have received little or no attention of scholars at all, and thus this study is focusing on finding out the implications of such a restructuring, especially on performance.

In most of the studies job re-design has been closely associated with job satisfaction. Paul et al (1987) in his study on Job re-design and performance cites an improved job satisfaction vis-à-vis a relatively constant control group performance. This study sets out thus to replicate, validate and give new in sights into the topic, from a free organizational set-up.
2.4 Summary of Literature and Study Gap

Literature reviewed has given a bearing into the gist and typology of organizational structuring. The review has highlighted the different parameters of structure that may be impacted upon by a transformation and overviewed previous studies on them pointing out possible gaps that this study can purpose to fill through a systematic survey. An overview of the various presuppositions thereabout however depicts that little emphasis has been given to the specific effects structural transformation has on employee performance.

The parameters of structural transformation featuring in varied literature are discussed in isolation and essentially on only their meaning and scope but scantily on their implications on staff performance per se. They however, underscore various other significant aspects of the parameters which may not meet the explicit desire of this research. This paper shall thus investigate and report the specific effects such parameters are bound to have on employee performance.

A theoretical approach to literature review depicts the systems school of thought which can be used as a basis for studying the various restructuring parameters vis-à-vis their implications on employee performance. The systems theory depicts a scenario on how organizational structure can be viewed as a part of other organizational aspects which have a bearing on employee performance. At the structure level the approach views the various parameters as complimentary components of the organizational structure which together influences the performance of a firm.

Further literature review of past studies has given an overview of the various parameters of organizational structure as described by different authors on their relevance to employee orientations and particularly their performance. The review gives an impetus for the need to conduct a more in-depth investigation into specific effects the various parameters of organizational structure have on performance of employees in organizations. Such gaps have been established from the foregoing literature review as linked to the objectives of the study.
2.5 Conceptual Framework

The conceptual framework links the various aspects of organizational structure to the performance of employees in a cause-effect relationship model. Employee performance is the dependent variable that is impacted upon by the aspects of organizational structure that form the dependent variables of this study.

![Diagram of Conceptual Framework]

**Independent Variables**
- Chain of Command
- Span of Control
- Job redesign
- Work teams

**Dependent Variable**
- Employee Performance
  - Quality of goals
  - Synergy
  - Reaction time
  - Commitment

**Fig 2.1: Schematic diagram**

*Source: (Author, 2010)*

**Explanation of Variables**

The study explores chain of command, span of control, job redesign and work teams as the independent variables and how they impact on employee performance as the dependent variable. These are the most salient variables in the structural transformation in KenGen. In this regard employee performance is gauged in terms of the quality of goals set, synergy, reaction time and employee commitment.

**Independent Variables**

- Chain of Command

An alteration in the levels of management (chain of command) will impact on the time taken to pass information and feedback as well as speed in reaction. The longer the chain of command the slower the communication as it is likely to introduce red-tape. This is likely to impact on the performance of employees.
• Span of Control

The number of staff reporting to one supervisor (span of control) affects the effectiveness of the supervisor as well as the tendency to elicit synergy within the team. Consequently this has a bearing on the performance and output of the staff.

• Job redesign

This is a result of realignments emanating from realignments in a transformation, and has an implication on the output of a staff since the scope of their functions is altered.

• Work teams

When work teams change in the course of a structural transformation, members find themselves in somewhat changed groups which may either enhance or even inhibit performance.

Dependent Variable

• Employee performance

This refers to the level and consistency of staff production levels and which is likely to be influenced by the independent variables. Performance in this case is depicted in the tendency to set quality goals, synergize, the reaction time, as well as commitment levels of staff.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter details the design of the research, the research population, sample size as well as the sampling methods. In addition, data collection methods and data analysis methods are presented.

3.2 Research Design

The study used descriptive using the survey research design. Descriptive research helped in the enhancement of knowledge about the research subject parameters, i.e. the span of control, work groups, chain of command and job re-design. Zikmund (2003) explains that descriptive research design gives an explanation of a situation for purposes of relating its worth or relatedness to other situations. The survey entailed a sampling of representative subjects for investigation. This helped the study in giving an understanding of the parameters and their link to employee performance.

3.3 Target Population

The study targeted nine-hundred (900) members of staff all of whom are in management levels in the organization hierarchy. The staffs are distributed across all (six) business divisions of the Company as shown in Table 3.1.

Table: 3.1 Target Population

<table>
<thead>
<tr>
<th>Business Division</th>
<th>Frequency (N)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Development</td>
<td>225</td>
<td>25%</td>
</tr>
<tr>
<td>Operations</td>
<td>265</td>
<td>29.4%</td>
</tr>
<tr>
<td>Regulatory Affairs</td>
<td>35</td>
<td>3.9%</td>
</tr>
<tr>
<td>Company Secretary, Legal</td>
<td>35</td>
<td>3.9%</td>
</tr>
<tr>
<td>Finance &amp; Commercial</td>
<td>205</td>
<td>22.7%</td>
</tr>
<tr>
<td>HR &amp; Admin</td>
<td>135</td>
<td>15%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>900</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: KenGen Management Records (March 2010)
3.4 Sampling Design and Procedure

3.4.1 Sampling Technique

This research used the proportional stratified sampling method where respondents were categorized into groups according to the business divisions where they work. Within these strata, the researcher employed the simple random sampling method to identify the respondents. This method was employed to ensure that all subjects have an equal chance of being selected for investigation.

3.4.2 Sample Size

A sample of ninety (90) staff was targeted for investigation. This represents 10% of the target population. This percentage was applied in all the business areas so as to get the desired sample size. This was determined through the use of percentages by the application of the researcher judgment based on previous studies, as described by Zikmund (2003).

Table 3:2 Sample Size

<table>
<thead>
<tr>
<th>Business Division</th>
<th>Frequency (N)</th>
<th>Multiplier Factor</th>
<th>Frequency (n)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Development</td>
<td>225</td>
<td>0.1</td>
<td>22</td>
<td>25%</td>
</tr>
<tr>
<td>Operations</td>
<td>265</td>
<td>0.1</td>
<td>26</td>
<td>29.4%</td>
</tr>
<tr>
<td>Regulatory Affairs</td>
<td>35</td>
<td>0.1</td>
<td>4</td>
<td>3.9%</td>
</tr>
<tr>
<td>Company Secretary, Legal</td>
<td>35</td>
<td>0.1</td>
<td>4</td>
<td>3.9%</td>
</tr>
<tr>
<td>Finance &amp; Commercial</td>
<td>205</td>
<td>0.1</td>
<td>20</td>
<td>22.8%</td>
</tr>
<tr>
<td>HR &amp; Admin</td>
<td>135</td>
<td>0.1</td>
<td>14</td>
<td>15%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>900</strong></td>
<td></td>
<td><strong>90</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Author (2010)
3.5 Data Collection Methods and Procedure

3.5.1 Data Collection Instruments

Data was collected from both primary and secondary sources. The researcher used a notebook to put down information from review of Company-specific publications as well as management reports from the Company.

A questionnaire was used to collect primary data from the middle level management staff. The questionnaire consisted of both closed and open-ended questions. Only one questionnaire was developed for all respondents. This instrument was used in order to ensure documentation of responses and thus eliminate possible research bias and influence on the responses through personal contact with the respondents.

Data from the top level management staff was collected by use of a guided interview where the researcher used a notebook to put down information. This method was used to ensure response from the top management staffs who may be too busy to respond to a questionnaire.

3.5.2 Data Collection Procedure

As part of the procedure, a pilot was carried out among ten (10) members of staff at the Central Office (Nairobi) so as to remove ambiguous questions and ascertain the validity of the research instruments by relating the data collected to the parameters under investigation. This guided on possible improvements that may be required on the instrument. Questionnaires emailed directly to the respondents to fill at their convenient time, and return after one week.

3.6 Analysis and Reporting Methods

Data was analyzed by the use of elements of descriptive statistics mainly the frequencies and percentages and presented basically in tables. Responses from the open-ended questions and interview were analyzed by comparison of responses through discourse analysis and flow tracking. The trends depicted hereby were used to make conclusions in regard to the research parameters.
Findings were reported in figures and tables for easy interpretation and understanding; while qualitative data were reported by use of statistical summaries and narratives coded from the respondents’ open responses.
CHAPTER FOUR

RESULTS OF DATA ANALYSIS

4.1 Introduction

In this chapter, the researcher discusses the responses to the research questions in relation to the variables that were to be investigated in the research study. Data from the employees of the sampled divisions of the Kenya Electricity Generating Company was analyzed and interpreted. The questionnaires were coded and edited after they were filled in by the respondents. They were entered into an excel spread sheet that enabled the researcher to tabulate and cross-tabulate to show the frequency of occurrence, which were also expressed as percentages and further presented in charts.

4.2 Response Rate and Background Information

This part captures the rate of responses to the questionnaire as well as a summary of respondents’ bio-data in terms of gender, education levels, length of service as well as the divisions in which they work.

4.2.1 Response Rate

Over 82% of the respondents produced analyzable responses while the rest either did not respond, or their questionnaires did not make any logical sense.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
<td>74</td>
<td>82.2%</td>
</tr>
<tr>
<td>Non-response</td>
<td>16</td>
<td>17.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Field Data, (2010)

Out of the 90 respondents to whom the questionnaire was administered, 74 responded with their forms wholly completed. This represented 82.2% of the required sample size. The
researcher considered the number adequate for the purpose of analysis as stated in Mugenda & Mugenda (2002), and the non-response (17.8%) was not likely to adversely affect the outcomes of the analysis.

4.2.2 Analysis of Background information

Table 4.2: Summary of respondents’ bio-data

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proportion by Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>50</td>
<td>67.5%</td>
</tr>
<tr>
<td>Female</td>
<td>24</td>
<td>32.4%</td>
</tr>
<tr>
<td>Total</td>
<td>74</td>
<td>100%</td>
</tr>
<tr>
<td>Response by division</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance &amp; Commercial</td>
<td>12</td>
<td>16.22%</td>
</tr>
<tr>
<td>Operations</td>
<td>18</td>
<td>24.32%</td>
</tr>
<tr>
<td>Legal</td>
<td>4</td>
<td>5.41%</td>
</tr>
<tr>
<td>HR &amp; A</td>
<td>26</td>
<td>35.14%</td>
</tr>
<tr>
<td>Regulatory</td>
<td>10</td>
<td>13.51%</td>
</tr>
<tr>
<td>Business Dev. Services</td>
<td>4</td>
<td>5.41%</td>
</tr>
<tr>
<td>Total</td>
<td>74</td>
<td>100%</td>
</tr>
<tr>
<td>Response by Length of service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 2 years</td>
<td>6</td>
<td>8.11%</td>
</tr>
<tr>
<td>2–5 years</td>
<td>2</td>
<td>2.70%</td>
</tr>
<tr>
<td>&gt;5 years</td>
<td>66</td>
<td>89.19%</td>
</tr>
<tr>
<td>Total</td>
<td>74</td>
<td>100%</td>
</tr>
<tr>
<td>Response by Educational Level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KCPE/CPE</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>O/A Level</td>
<td>8</td>
<td>10.81%</td>
</tr>
<tr>
<td>Certificate</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Diploma</td>
<td>6</td>
<td>8.11%</td>
</tr>
<tr>
<td>---------</td>
<td>---</td>
<td>-------</td>
</tr>
<tr>
<td>Degree</td>
<td>50</td>
<td>67.57%</td>
</tr>
<tr>
<td>Postgraduate</td>
<td>10</td>
<td>13.51%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>74</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data (2010)

Further, majority of the respondents (over two-thirds) were male, while the highest response rate was realized from the Regulatory Affairs, Human Resource and Administration, and Legal divisions respectively. The lowest response was realized from Business Development, Finance & Commercial, and Operations divisions in that order. In view of populations within the divisions this trend indicates that response rate was poorest among the most populous divisions recorded the poorest response rate.

Over 80% of the respondents had acquired at least an education level of at least first degree, which meant that an appropriate understanding of the contents of the questionnaire was expected. In addition, close to 90% of the respondents had served the Company for over five years; which reflects that majority of the respondents had witnessed the full transformation exercise in the Company.

### 4.3 Chain of Command and Employee Performance

This part gives an analysis of the respondents’ view on how changes in chain of command affected employee performance in the organization; as indicated in the table below:

**Table 4.3: Chain of Command**

<table>
<thead>
<tr>
<th>Category</th>
<th>Option</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in chain of command</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Improved goal setting</td>
<td>Strongly disagree</td>
<td>2</td>
<td>2.78%</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>10</td>
<td>13.89%</td>
</tr>
<tr>
<td></td>
<td>Partially agree</td>
<td>14</td>
<td>19.44%</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>32</td>
<td>44.44%</td>
</tr>
<tr>
<td></td>
<td>Strongly agree</td>
<td>14</td>
<td>19.44%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>74</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
The above analysis indicate that changes in the chains of command led to an improvement in the setting of goals, faster completion of work, enhanced teamwork and employee commitment and availability at work as supported by over 80% of the responses.

This is in agreement with what Roseman (1989) argued, that long chains of command tend to bring a disconnect between the bottom and higher -up managers making relay of information too long, and thus hindering productivity. Findings here however, underscore the clarity of the link between chains of command and employee performance which Roseman did not dwell on but concentrated on the management of the chains of command.

### Source: Field Data (2010)
4.5 Span of Control and Employee Performance

This part draws an analysis of respondents’ view on how changes in span of control affected employee performance in the organization.

Table 4.4: Span of Control

<table>
<thead>
<tr>
<th>Category</th>
<th>Option</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in Span of control</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Improved goal setting</td>
<td>Strongly disagree</td>
<td>2</td>
<td>2.70%</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>8</td>
<td>10.81%</td>
</tr>
<tr>
<td></td>
<td>Partially agree</td>
<td>20</td>
<td>27.03%</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>30</td>
<td>40.54%</td>
</tr>
<tr>
<td></td>
<td>Strongly agree</td>
<td>14</td>
<td>18.92%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>• Led to faster response and completion of work</td>
<td>Strongly disagree</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>10</td>
<td>13.51%</td>
</tr>
<tr>
<td></td>
<td>Partially agree</td>
<td>20</td>
<td>27.03%</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>30</td>
<td>40.54%</td>
</tr>
<tr>
<td></td>
<td>Strongly agree</td>
<td>14</td>
<td>18.92%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>• Enhanced teamwork and better results from staff</td>
<td>Strongly disagree</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>8</td>
<td>11.11%</td>
</tr>
<tr>
<td></td>
<td>Partially agree</td>
<td>22</td>
<td>30.56%</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>28</td>
<td>38.89%</td>
</tr>
<tr>
<td></td>
<td>Strongly agree</td>
<td>14</td>
<td>19.44%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>• Enhanced employee commitment and availability</td>
<td>Strongly disagree</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>12</td>
<td>16.22%</td>
</tr>
<tr>
<td></td>
<td>Partially agree</td>
<td>16</td>
<td>21.62%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>
The analysis indicates that changes in the number of staff supervised by one supervisor led to the setting of better goals, faster completion of work, enhanced team work and employee commitment and availability at work as supported by over 80% of the responses.

This appears to contradict Stoner’s statement (2003), that too wide span of control affect work relationships; managers become over-extended and employees tend to receive little guidance and control. The outcome of this study however tends to support Stoner’s further argument that setting a maximum number of spans of control was spurious and that there were emergent scenarios depicting a clamor for flatter organizations, thus larger spans of control. In this case, the scenarios here too tend to support Woodward’s (1980) argument that span of control will vary a great deal across different organizations.

### 4.6 Work Teams and employee performance

This part features an analysis of the views of respondents in regard to the effects of changes in work teams on employee performance in the organization.

**Table 4.5: Work teams**

<table>
<thead>
<tr>
<th>Category</th>
<th>Option</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in work teams</td>
<td>Strongly disagree</td>
<td>2</td>
<td>2.70%</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>8</td>
<td>10.81%</td>
</tr>
<tr>
<td></td>
<td>Partially agree</td>
<td>20</td>
<td>27.03%</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>28</td>
<td>37.84%</td>
</tr>
<tr>
<td></td>
<td>Strongly agree</td>
<td>16</td>
<td>21.62%</td>
</tr>
<tr>
<td></td>
<td>Strongly disagree</td>
<td>Disagree</td>
<td>Partially agree</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>------------------</td>
<td>----------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Led to faster response and completion of work</td>
<td>0</td>
<td>10</td>
<td>24</td>
</tr>
<tr>
<td>Enhanced teamwork and better results from staff</td>
<td>0</td>
<td>10</td>
<td>26</td>
</tr>
<tr>
<td>Enhanced employee commitment and availability at work</td>
<td>0</td>
<td>10</td>
<td>22</td>
</tr>
</tbody>
</table>

**Source:** Field Data (2010)

In view of the above analysis, changes in the work teams has led to the setting of better goals, faster completion of work, enhanced team work and employee commitment and availability at work as supported by over 85% of the responses.

Earlier literature, for instance Avigdor (2007); dwelt mostly on team diversity as well as self governance by teams, Stoner (2003); but this study underscores the implications of team sizes on employee performance.
4.7 Job Re-Design and employee performance

This part gives an analysis of the respondents’ view on the effect of job re-design on employee performance.

Table 4.6: Job Re-design

<table>
<thead>
<tr>
<th>Category</th>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job redesign</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Improved goal setting</td>
<td>Strongly disagree</td>
<td>2</td>
<td>2.70%</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>8</td>
<td>10.81%</td>
</tr>
<tr>
<td></td>
<td>Partially agree</td>
<td>22</td>
<td>29.73%</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>20</td>
<td>27.03%</td>
</tr>
<tr>
<td></td>
<td>Strongly agree</td>
<td>22</td>
<td>29.73%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>• Led to faster response and completion</td>
<td>Strongly disagree</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>of work</td>
<td>Disagree</td>
<td>8</td>
<td>10.81%</td>
</tr>
<tr>
<td></td>
<td>Partially agree</td>
<td>28</td>
<td>37.84%</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>20</td>
<td>27.03%</td>
</tr>
<tr>
<td></td>
<td>Strongly agree</td>
<td>18</td>
<td>24.32%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>• Enhanced teamwork and better results</td>
<td>Strongly disagree</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>from staff</td>
<td>Disagree</td>
<td>12</td>
<td>16.22%</td>
</tr>
<tr>
<td></td>
<td>Partially agree</td>
<td>26</td>
<td>35.14%</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>24</td>
<td>32.43%</td>
</tr>
<tr>
<td></td>
<td>Strongly agree</td>
<td>12</td>
<td>16.22%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>• Enhanced employee commitment and</td>
<td>Strongly disagree</td>
<td>4</td>
<td>5.26%</td>
</tr>
<tr>
<td>availability at work</td>
<td>Disagree</td>
<td>6</td>
<td>7.89%</td>
</tr>
<tr>
<td></td>
<td>Partially agree</td>
<td>26</td>
<td>34.21%</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>22</td>
<td>28.95%</td>
</tr>
<tr>
<td></td>
<td>Strongly agree</td>
<td>18</td>
<td>23.68%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field Data (2010)
Generally, changes in the work teams has led to the setting of better goals, faster completion of work, enhanced team work and employee commitment and availability at work as supported by over 86% of the responses. These changes, according to the analysis on this table led to an improvement in employee performance.

This position corroborates Kelly’s (1992) assertion that with job redesign employees were likely to experience higher job satisfaction. Ugboro (2008) further reported an aspect of a positive association between work redesign and attitudes (job satisfaction and commitment), and increased productivity.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction
This chapter provides a summary of the major findings of the research project drawing conclusions and making recommendations on the effects of structural transformation on employee performance within Kenya Electricity Generating Company. It also recommends further research on the subject.

5.2 Summary of the Findings
This research set out to find out the effects of structural transformation on employee performance. It singled out changes in chains of command, span of control, work teams and job redesign on the quality of goals set, synergy, reaction time and employee commitment to work as the selected performance parameters.

An analysis of the responses from the selected sample indicated that the transformation reduced the chains of command, thus leading to a flatter organization with shorter hierarchies, and thus a possible improvement in communication and thus reaction time. This reflected on an improvement in employee performance.

From the analysis, it is clear that the transformation led to an increase in the spans of control, a tendency towards bigger teams under one supervisor as opposed to smaller teams before the transformation. This tends to have enhanced synergy and team spirit among staff and thus an improved performance.

Further, the analysis of responses indicates that the transformation increased the sizes of work teams within the Company; and that a bigger percentage indicated that this tended to improve employee performance. The tendency was towards a shift from smaller-to-larger work teams and these tended to improve the quality of goals set, reaction time and an enhance commitment.

In regard to job redesign, especially in view of employee promotion, upgrading and job enrichment during the transformation, the transformation resulted in an improved employee performance. With changes in organizational roles, employees felt motivated and tended to
perform better in terms of the quality of goals, synergy, reaction time and commitment to work.

5.3 Conclusion

Structural transformation in the organization led to enhanced employee performance whereby a reduction in chains of command, an increase in span of control, increased work teams and job redesign resulted in an improvement in the quality of goal setting, synergic trends, reaction time and employee commitment in KenGen. An analysis of responses to the survey indicated that over 80% of respondents viewed all the four variables under investigation to have enhanced employee performance.

5.4 Recommendations

The following recommendations pertinent with the findings of this study may be helpful in drawing policy implications; that the management should ensure the reduction of management hierarchies to reduce possibilities of red tape for an even better employee output. Further, the management should ensure the reduction of the number of supervisors, thus ensuring larger work teams. This is likely to reduce role overlaps thus and enhance clarity of goal, and thus an improved performance.

It is equally proposed that the management should ensure policy dispensations allowing for constant review of job roles, staff promotions for an enhanced employee, commitment, drive and performance at work.

5.5 Suggestion for Further Study

The researcher recommends a further research on the same subject with a different set of classification of respondents, the unionisable cadres of staff. In addition a similar, and/or comparative research can be conducted among other organizations within the sector and which may have experienced similar kind of transformations.
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Dear Respondent,

REF: RESEARCH PROJECT

I am a postgraduate student at Kenyatta University pursuing a Master of Business Administration degree. I am currently carrying out a research on Effects of Structural Transformation on Employee Performance, and would wish to get your feedback on the same. The success of this research depends on your cooperation.

Kindly find time to give your honest response to the appended questionnaire.

You responses will be treated with utmost confidentiality and for the academic purpose only.

Thank you in advance.

Faithfully,

NZUKI, PERMENUS K.

0722 310 358

pnzuki@kengen.co.ke
The questionnaire has three parts that require your response for the completion of the research paper. Kindly tick the response that best suits your opinion as in the questions below

Part one: Personal Details

1. Name (optional) .................................................................

2. Gender
   □ Male
   □ Female

3. Business Division
   □ Finance & Commercial
   □ Operations
   □ Company Secretary, Legal
   □ Human Resource and Administration
   □ Regulatory Affairs

4. Period with the Organization
   □ Less than two years
   □ Between two and five years
   □ Over five years

5. Level of education
   □ KCPE/CPE
   □ O/ A’level
   □ Certificate
   □ Diploma
Part two: Organizational Assignment

1. Level of management
   □ Standard
   □ Senior Standard

2. i) Do you supervise any team?
    □ Yes
    □ No
    ii) If Yes above, state the size of work team supervised
        □ 0-10 members
        □ 10-20 members
        □ 20 members and above

3 i) Did you have a team to supervise before the transformation?
    □ Yes
    □ No
    ii) If Yes above, state the size
        □ 0-10 members
        □ 10-20 members
        □ 20 members and above

4 If you work in a team,
   i) What is the size of your team now?
      □ Between 0-10
      □ Between 10-20
      □ 20 and above
ii) What was the size of your team previously?
   - Between 0-10
   - Between 10-20
   - 20 and above

5 i) Do you have a definite reporting structure in your department?
   - Yes
   - No

ii) Are there aspects of dual reporting (reporting to two supervisors) in your department?
   - Yes
   - No

6 Job roles/tasks
   i) Has your job roles changed in the last transformation?
      - Yes
      - No

   ii) If Yes, state the nature of change
       - Promotion
       - Upgrading
       - Enlargement
       - Enrichment
       - Other;
         specify

7 Goal setting
   i) Do you have clear goals/targets for/in you team?
      - Yes
ii) If you have goals, who sets the goals?
   - Higher authorities
   - Team
   - Self
   - Not sure

iii) Is there a difference in the way goals were set before compared to today?
   - Yes
   - No
   - Not sure

iv) If Yes, please explain

..............................................................
..............................................................

8. Structural Transformation
i) Are you aware of any structural transformation in your Company?
   - Yes
   - No
   - Not sure

ii) If Yes, state it ..............................................................

..............................................................
..............................................................
Part three: Effects of Structural Transformation on Employee Performance

For each of the questions that follow, please indicate to what extend you agree with the each statement using the rating scale indicated (circle as appropriate)

Scale:

\[ \begin{array}{c}
\text{don't agree} & 1 & 2 & 3 & 4 & \text{strongly agree} & 5 \\
\end{array} \]

a) Chain of Command and Employee Performance

☐ Changes in chains of command in the organization led to setting of better quality goals

\[ \begin{array}{c}
1 & 2 & 3 & 4 & 5 \\
\end{array} \]

☐ Changes in chains of command in the organization led to Faster employee response and completion of work

\[ \begin{array}{c}
1 & 2 & 3 & 4 & 5 \\
\end{array} \]

☐ Changes in chains of command in the organization led to enhanced teamwork and better results from staff

\[ \begin{array}{c}
1 & 2 & 3 & 4 & 5 \\
\end{array} \]

☐ Changes in chains of command in the organization led to enhanced employee commitment and availability at work

\[ \begin{array}{c}
1 & 2 & 3 & 4 & 5 \\
\end{array} \]

☐ In your own words, please explain how changes in chain of command affected employee performance in your department

........................................................................................................................................
........................................................................................................................................
b) Span of Control and employee performance

1. Changes in span of control in the organization led to setting of better quality goals
   1 2 3 4 5

2. Changes in span of control in the organization led to faster employee response and completion of work
   1 2 3 4 5

3. Changes in span of control in the organization led to enhanced teamwork and better performances from staff
   1 2 3 4 5

4. Changes in span of control in the organization led to enhanced employee commitment and availability at work
   1 2 3 4 5

5. In your own words, please explain how changes in span of control affected employee performance in your department

   ........................................................................................................................................................................
   ........................................................................................................................................................................
   ........................................................................................................................................................................
   ........................................................................................................................................................................
   ......................

c) Work Teams and Employee Performance

1. Changes in work teams in the organization led to setting of better quality goals
   1 2 3 4 5

2. Changes in work teams in the organization led to faster employee response and completion of work
   1 2 3 4 5
3. Changes in work teams in the organization led to enhanced teamwork and better performances from staff
1 2 3 4 5

4. Changes in work teams in the organization led to enhanced employee commitment and availability at work
1 2 3 4 5

5. In your own words, please explain how changes in work teams affected employee performance in your department

........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

d) Job-Redesign and Employee Performance

1. Job re-design in the organization led to setting of better quality goals
1 2 3 4 5

2. Job redesign in the organization led faster employee response and completion of work
1 2 3 4 5

3. Job redesign in the organization led to enhanced teamwork and better performances from staff
1 2 3 4 5

4. Job redesign in the organization led to enhanced employee commitment and availability at work
1 2 3 4 5
5. In your own words, please explain how job redesign affected employee performance in your department.

-End-
APPENDIX III: INTERVIEW GUIDE

The following questions shall guide the researcher's interview with the top management cadre of staff:

1. Personal details and level of education
2. Organizational assignment; position held and duration
3. Number of direct reports
4. A description of how changes in:

   a) Chain of command
   b) Span of control
   c) Work teams
   d) Job design; affected:

   i) The quality of goals set
   ii) Staff reaction time
   iii) Team spirit
   iv) Employee commitment at work