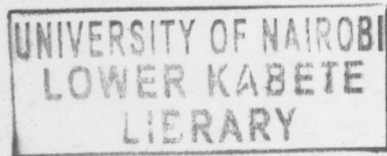


**CHALLENGES OF STRATEGY IMPLEMENTATION OF THE
KENYAN PARASTATALS IN THE ENERGY SECTOR**

MILDRED MWIHAKI NG'ANG'A



**A RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION,
SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI**

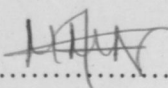
NOVEMBER, 2014

DECLARATION

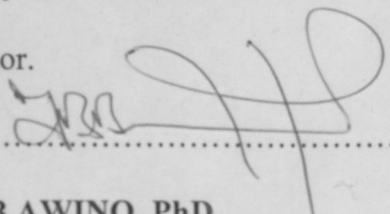
I, the undersigned, declare that this research project is my original work and that it has not been presented in any other university or institution for academic credit.

MILDRED MWIHAKE NG'ANG'A

D61/60878/2013

Signed.......... Date 20/11/2014

The project has been submitted for examination with my approval as university supervisor.

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DEDICATION

I dedicate this project to my family for their understanding and support during the study period.

ACKNOWLEDGEMENTS

First of all, I would wish to thank my entire family for their understanding when I was not there for them during the entire period when I was undertaking my studies; I wouldn't have made it this far without them.

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ABBREVIATIONS AND ACRONYMS

ERC	:	Energy Regulatory Commission
GDC	:	Geothermal Development Company
KENGEN	:	Kenya Electricity Generating Company
KETRACO	:	Kenya Electricity Transmission Company
KNEB	:	Kenya Nuclear Electricity Board
KPC	:	Kenya Pipeline Company Limited
KPLC	:	Kenya Power and Lighting Company
MOEP	:	Ministry of Energy and Petroleum
MW	:	Mega Watt
NOCK	:	National Oil Corporation of Kenya Limited
REA	:	Rural Electrification Authority

ABSTRACT

Strategy implementation is one of the vital stages in the strategic management process. Organizations should be able to effectively implement their strategies as this forms the determining factor between success and failure. The energy sector plays a critical role in the socio-economic development of a country hence the need to undertake a study on the challenges that energy sector Kenyan parastatals face in the implementation of their strategies. The study sought to determine the challenges of strategy implementation of the Kenyan parastatals in the energy sector. More specifically, the study sought to answer the question, "What challenges do Kenyan parastatals in the energy sector face during strategy implementation?" The research was a census survey of the Kenyan Parastatals in the energy sector, which intended to determine the key challenges Kenyan parastatals encounter in implementing their corporate strategic plans. The study targeted all the Kenyan parastatals in the energy sector which comprise of 9 state corporations as per the Report of The Presidential Task force on Parastatal Reforms (2013). The researcher used a census approach due to the small number of Kenyan parastatals in the energy sector. Primary data for the study was collected by the use of structured questionnaires that made use of both open-ended and closed ended questions. The questionnaires were administered to three senior officials in each of the Kenyan parastatals. Descriptive statistics such as means, standard deviation, percentages and frequency distributions was used in data analysis. The study found out that the challenges that affect strategy implementation in the Kenyan parastatals in the energy sector include: inadequate funding; lack of clear understanding of the strategy among those who need to implement it; lack of sufficient communication; lack of proper systems and processes to support the implementation of strategy; lack of supportive organizational culture; lack of appropriate organizational structure; poor reward systems; inadequate capacity ;political influence or interference; unsupportive organization's policies; lack of top management commitment or poor leadership; monitoring, planning, coordination and sharing of responsibilities being not well defined; lack of stakeholders involvement and staff resistance to change. The study recommended that in order for the Kenyan parastatals in the energy sector to minimize the challenges of strategy implementation there is need to: ensure that financial resources are available and are timely , have clear communication policy that cascades from the top management to the junior staff, involve all the stakeholders , have strategy linked to financing, cultivate strategy supportive culture and involvement of all employees in strategy implementation so as to reduce staff resistance to change ,ensure minimal political interference ,have proper measures and checks to monitor strategy implementation process, have proper organizational structure in place , reward systems should be linked to performance ,clear responsibilities for people involved in strategy implementation. The findings of the study are of great importance to the management, energy sector regulators and government policy makers in designing and enhancing proper implementation of strategies in the Kenyan parastatals in the energy sector .The study is also valuable to researchers and scholars in authenticating previous research and has helped in theory building in the area of strategic management.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Today, in pursuit of their set of objectives, organizations face increased turbulence in the business environment that leaves them little choice but to transform themselves. Aligning and realigning organizations is a major preoccupation of management in combating challenges occasioned by environmental turbulence. In so doing, strategic management is applied in dealing with decisions and actions that determine an enterprise's ability to excel survive or die through making the best use of a firm's resources in a dynamic environment. Strategic management is the process of formulating, implementing and evaluating business strategies to achieve future objectives (Harvey, 1988). Strategy implementation is often regarded as the action stage of strategic management. Johnson and Scholes (2002) acknowledged that strategy implementation is concerned with the translation of strategy into action. A strategy may be good, but if its implementation is poor, the strategic objective for which it was intended may not be achieved (Nixon, 2010). In this regard implementation is one of the most difficult business challenges facing today's managers (Pfeffer, 1996).

According to Ansoff and McDonnell (1990), it is through strategic management that a firm will be able to position and relate itself to the environment to ensure continued success and also secure itself from surprises brought about by the changing environment. To explain how firms are able to achieve this, more emphasis is placed on the organization's capability to change, innovate, to be flexible and to learn how to adapt to a rapidly changing environment.

An organization's strategic capability refers to resources and competences an organization needs to survive and prosper. Teece (1997) argued that the strategic capabilities that achieve competitive advantage in such dynamic conditions are dynamic capabilities. He defined dynamic capabilities as 'the ability to integrate, build, and reconfigure internal and external competencies to address rapidly-changing environments'. Johnson, Scholes & Whittington (2008) acknowledged that it's important for an organization to have the ability to renew and recreate its strategic capabilities to meet the needs of a changing environment.

Most organizations fail not because they had a bad strategy but because of how the strategy was executed. For state owned corporations their very existence is to accomplish certain objectives on behalf of the government. In the energy sector the Kenyan parastatals are mandated to undertake major infrastructural functions on behalf of the government. These roles play a key component of the socio-economic development in the country. In this regard strategy implementation process becomes an integral factor for these organizations. Thomson (2007) noted that the way in which the strategy is implemented can have a significant impact on whether it will be successful. It is therefore important for these organizations to identify the implementation challenges that they encounter as they put their formulated strategies into practice .

1.1.1 The Concept of Strategy Implementation

Strategic management involves the planning, directing, organizing and controlling of the strategy related decisions and actions of the business. Strategy is thus defined as a set of decisions and actions that result in the formulation and implementation of plans designed to achieve a company's objectives (Pearce & Robinson, 2005).

Strategy implementation requires a firm to set up annual objectives, develop policies, motivate employees, and allocate resources so that formulated strategies can be executed. Implementation stage is often considered to be the most difficult stage in strategic management. Strategy is formulated and then it is implemented (Otley, 1999). As Steiner (1979) observes, formulated strategies may fail if implementation is not effectively and efficiently done. In so doing organizations need to develop a strategy-supportive culture, create an effective organizational structure, effective communication of set objectives, allocate resources, coordinate all business units and functions, manage change and link employee compensation to organizational performance. Strategy implementation therefore is more of a managerial job. Managers need to motivate employees so that implementing strategy is successful.

According to Thompson and Strickland, (1992) strategy implementation cuts across all aspects of management and must be initiated from many perspectives inside the organization as it affects the organization from top to bottom impacting on all functional and divisional areas of business. Incidentally every division and department must choose on answers to questions, such as "What must we do to implement our part of the organization's strategy?" and "How best can we get the job done?" Successful implementation of strategies by organizations is critical for their survival hence the need to exercise great commitment, personal discipline and greater sacrifice. Due to this an excellent implementation plan, will not only cause the success of an appropriate strategy, but can also rescue an inappropriate strategy (Hunger & Wheelen, 1995).

1.1.2 Challenges of Strategy Implementation

Strategy implementation has always been a major challenge for most organizations across the world. Organizations should be able to effectively implement their strategies as this forms the determining factor between success and failure. Hrebiniak (2008) acknowledged that formulating a strategy is difficult; making strategy work- implementing the strategy throughout the organization is even more difficult. Transforming strategies into actions is far more complex, difficult & challenging and therefore not as straight forward as one would assume (Aaltonen & Ikavalko, 2001). According to Yang (2008) the key challenge for today's organizations are many and the factors that influence the success of strategy implementation, range from the people who communicate or implement the strategy to the systems or mechanisms in place for co-ordination and control.

Huse and Gabrielsson (2004) noted that there are a number of problems experienced in strategy implementation. These include weak management roles in implementation, lack of communication, lack of commitment to the strategy, unawareness or misunderstanding of the strategy, unaligned organizational systems and resources, poor coordination and sharing of responsibilities, inadequate capabilities, competing activities, and uncontrollable environmental factors. Thus the challenges of strategy implementation must be anticipated, assessed and incorporated into the management's decision-making process (Pearce & Robinson, 2003, Sababu, 2007; Ansoff, 1988) to enhance proper strategy implementation.

1.1.3 Energy Sector in Kenya

The energy sector plays a critical role in the socio-economic development of a country. In Kenya, petroleum and electricity as sources of energy are the main drivers of the economy, while biomass is mainly used in rural communities and a section of the urban population. Currently the energy sector relies wholly on the importation of all petroleum requirements. However, with the discovery of oil in Northern Kenya this trend is likely to change. Electricity generation is predominately hydro, supplemented by geothermal and thermal sources. Apart from wood fuel which is overexploited, the other renewable energy resources, though abundant, have not been fully exploited (National energy policy, 2014).

Electricity energy in Kenya is mainly generated from hydropower which accounts for 54% of the total sales, thermal, geothermal, co-generation and wind generation sources account for 46% of the total national sales. The total installed capacity is 1,720 MW for the interconnected system in Kenya which is made up of 820 MW of hydro, 620MW of thermal, 250 MW of geothermal, 5 MW of wind, 26MW from cogeneration.(10 Year Power Sector Expansion Plan 2014-2024,2014). Demand for electricity has shown an upward trend since the year 2004 due to accelerated economic growth. Peak demand increased from 899MW in 2004/05 to 1,354MW in 2012/13, while the number of electricity consumers more than doubled from 735,144 in 2004/05 to 2,330,962 by June 2013(KPLC Annual Report and Financial Statements, 2013).On the other hand Kenya imports all crude and refined petroleum products, accounting for about 25% of the national import bill.

Energy is a critical component in the economy, standard of living and national security of every country. The level and the intensity of energy use in a country is a key indicator of economic growth and development. The Kenya Vision 2030 identified energy as one of the infrastructure enablers of its social economic pillar. Sustainable, competitive, affordable and reliable energy for all citizens is a key factor in realization of the Vision. (National energy policy, 2014).

The major challenges facing the energy sector include improving the competitiveness, quantity, quality and reliability of energy supply; high initial capital outlay and the long lead times from feasibility studies to development of energy infrastructure; mobilizing adequate financial resources to undertake massive investment in the power sector, high cost of energy, low per capita incomes, and low levels of industrialization. (National energy policy, 2014).

1.1.4 Kenyan Parastatals in the Energy Sector

According to the American Heritage Dictionary (4th Edition), a parastatal is a company or agency owned or controlled wholly or partly by the government. The energy sector Kenyan parastatals are mainly under the Ministry of Energy & Petroleum (MoEP). MoEP sets the strategic direction for the growth of the sector and provides a long term vision for all sector players. The institutional structure of the energy sector parastatals in Kenya comprise of the Energy Regulatory Commission (ERC), Kenya Electricity Generating Company (Kengen), Kenya Power and Lighting Company (KPLC), the Rural Electrification Authority, Kenya Electricity Transmission Company (KETRACO), Geothermal Development Company, Kenya Nuclear Electricity Board, Kenya Pipeline Company Limited (KPC) and National Oil Corporation of Kenya Limited (NOCK) .

As mission - oriented organizations, these state corporations are individually mandated to undertake specific essential functions. ERC is charged with the regulation of the energy sector and is responsible for licensing, retail and bulk tariff setting and oversight, coordination of the development of indicative energy plans, monitoring and enforcement of sector regulations; Kengen is mandated to generate electric power, currently producing the bulk of electricity consumed in the country; KPLC is the off-taker in the power market, buying power from all power generators based on negotiated Power Purchase Agreements for onward transmission, distribution and supply to consumers.

In addition, REA's core role is to extend electrification into the rural areas; KETRACO is responsible for the development, maintenance and operation of the national transmission grid network as well facilitating regional power trade through its transmission network; GDC is a Special Purpose Vehicle for the development of geothermal resources in Kenya; KNEB is charged with the mandate of spearheading and fast tracking development of nuclear electricity generation in order to enhance the production of affordable and reliable electricity; KPC is charged with storage, transportation and handling of refined petroleum products in the country; NOCK's function is to stabilize the petroleum supply market by participating in all aspects of the petroleum industry namely upstream, mid-stream and downstream activities.

1.2 Research Problem

According to Hrebiniak and Joyce (2001) strategy implementation is important but difficult because implementation activities take a longer time frame than formulation, involves more people and greater task complexity, and has a need for sequential and simultaneous thinking on part of implementation managers (Hrebiniak and Joyce, 2001).

Johnson Scholes & Whittington (2008) defines strategy as the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder's expectations. This statement recognizes that organizations operate in a changing environment dictated by internal and external socio-economic, legal and political factors, which directly and indirectly impact on their operations. As such, organizations need to implement their formulated strategies effectively in order to remain successful. Noble (1999) noted that most organizations best-formulated strategies fail to produce superior performance for the firm due to poor implementation.

Most of the Kenyan parastatals in the energy sector make use of strategic plans as the guiding document for putting formulated objectives into action. However, implementation of strategies in these organizations goes beyond mere implementation of the strategic plans. The organizations' are tasked in engaging all departments of the organization in strategy planning process as well as its implementation. If the strategy implementers are involved in strategy development then the implementation process is well understood and easier to undertake.

The strategic plans are cascaded downwards to all the organization's departments who then translate the strategic goals into reality by developing and implementing departmental plans which are aligned to the Corporate Strategic Plan. According to Mintzberg and Quinn (1991) 90% of well formulated strategies fail at implementation stage. It is thus crucial for organizations to identify the challenges encountered in implementation of strategy so as to enhance successful strategy execution.

There are many studies that have been undertaken on strategy implementation and its challenges both locally and internationally. The studies that have been carried out internationally include: Sithole, Chirasha & Tatire (2013) on implementation of strategic plans by Zimbabwean Local Authorities: A Case of Nyanga Rural District Council. They found out that lack of stakeholders' participation, political polarization and lack of financial resources were the major challenges in strategy implementation. Al-Ghamdi (1998) on obstacles to successful implementation of strategic decisions: The Saudi Case. He observed that effective management support systems for staff employees, strategy-structure alignment, effective compensation systems, and top management involvement were important factors in the implementation process. Hrebiniak (2008) on making strategy work: Overcoming the obstacles to effective execution. He noted that effective communication, planning, change management and involvement of all managers across all hierarchical levels were key factors in executing strategy.

The studies that have been undertaken locally include: Essajee (2011) carried out research on challenges of strategy implementation at First Community Bank. He found out that the challenges were due to insufficient legal protection governed by the Companies Act in Kenya banking industry, lack of awareness of the products in the market, customer perception, shortage of trained staff about Islamic banking,. Kithande (2011) carried out research on challenges of strategy implementation at Kenya National Audit Office (KENAO).He found out that the challenges ranged from: lack of adequate funding or minimal budget allocation, inadequate staff, lack of communication of responsibility and accountability, lack of involvement of lower level members of the staff in strategic planning, lack of physical resources, culture and lack of training. Nthei (2011) carried out research on challenges of strategy implementation at Geomax Consulting Engineers. He found out that the challenges faced were as a result of management styles in place, political influence and communication mechanisms employed. Consequently Ayuma (2010) carried out research on challenges of strategy implementation at Ecobank Kenya Limited. She found out that the challenges are caused by the inadequacy of information systems used to monitor strategy implementation.

Strategy implementation challenges of the Kenyan parastatals in the energy sector have in general not received much attention and hence knowledge gaps exist in the industry. A greater focus on industry-specific research can assist the organizations in determining the challenges that affect their strategy implementation process. This study aims at addressing this gap due to the fact that strategic implementation is key to the success of any organization. Research in this area will unveil the challenges associated with implementation of the corporate strategic plans.

This study therefore filled in the research gap by carrying out a survey on the challenges of strategy implementation of the Kenyan parastatals in the energy sector. More specifically; the study sought to answer the question, “What challenges do Kenyan parastatals in the energy sector face during strategy implementation?”

1.3 Research Objective

The objective of this research was to determine the challenges of strategy implementation of the Kenyan parastatals in the energy sector.

1.4 Value of the Study

The study is important to the energy sector parastatals in helping them understand the challenges they encounter in the implementation of their strategies. The recommendations of this study form part of the action plans that help in enhancing proper implementation of strategies in the energy sector. The findings of this study are of great importance to other government state corporations.

The results of the study add to the body of knowledge and provide a reference material for future researchers on related topics. The findings of this study are valuable to researchers and scholars in authenticating previous research, examining the influence of context and helping in theory building in the area of strategic management. It has also formed a basis for further research.

The energy sector regulators, government authorities and interested investors find this information invaluable on implementation of various strategies and as a result put in place policies that guide and encourage other firms within and without the industry.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter summarizes information on existing strategic management concepts and practical knowledge related to this study. The specific areas covered here are: Theoretical Foundations, strategic management process, factors that influence strategy implementation.

2.2 The Theoretical Foundations

Strategic management is all about gaining and maintaining competitive advantage. When a firm can do something that rival firms cannot do, or owns something that rival firms don't have then that can represent a competitive advantage. Getting and keeping competitive advantage is essential for long-term success in an organization. Pursuit of competitive advantage leads to organizational success or failure. Normally, a firm can sustain a competitive advantage for only a certain period due to rival firms imitating and undermining that advantage. Thus it is not adequate to simply obtain competitive advantage. A firm must strive to achieve sustained competitive advantage by continually adapting to changes in external trends and events and internal capabilities, competencies, and resources. Porter (1979) defined strategy as a creation of a unique and valued position involving different set of activities. Strategically positioned companies perform different activities from rivals or perform similar activities in different ways.

The resource-based theory is founded on the principle that the source of firms competitive advantage lies in their internal resources, as opposed to their positioning in the external environment. That is relatively the evaluation of environmental opportunities and threats in conducting business, competitive advantage depends on the unique resources and capabilities that a firm possesses (Barney, 1995). The resource-based view of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance (Ainuddin, 2007).

The resource-based view of the firm has enhanced the paradigm's knowledge of the firm's internal processes. The implication of this approach is that it has combined the internal analysis of the firm with a more effective understanding of how to use what we know about the external industry and competitive environment for the firm. Johnson, Scholes & Whittington (2008) acknowledges that strategy is the direction and scope of an organization over the long-term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholders' expectations. According to Barney (1991) for firm resources to be the source of a sustained competitive advantage, they must pass the valuable, rare, imperfectly imitable, non-substitutable test. Mintzberg (1998) defined strategy as a plan, ploy, pattern, position and lastly as a perspective. Thus emphasizes is on strategy as ploy which basically an idea to outwit a competitor to shed of any threat. As a position strategy is a means of locating an organization in the environment which in turn helps it attain competitive advantage.

With hyper-competition becoming increasingly prevalent and technology giving rise to innovation at a faster rate, the ability of a firm to achieve competitive advantage over others is called into question. To explain how some firms are able to achieve this, more emphasis is placed on the organization's capability to change, innovate, to be flexible and to learn how to adapt to a rapidly changing environment (Johnson, Scholes & Whittington, 2008). The firm must have the ability to reconfigure their firm's resources and routines in the manner envisioned and deemed appropriate by its principal decision-maker (Zahra, 2006). With an appreciation of strategic capability as resources and competences an organization needs to survive and prosper, an organization that seeks to build competitive advantage must emphasize on distinctive capabilities. The organization must then have the ability to renew and recreate its strategic capabilities to meet the needs of a changing environment hence they possess dynamic capabilities (Johnson, Scholes & Whittington, 2008).

2.3 Strategic Management Process

According to David (1982) strategic management is the art and science of formulating, implementing and evaluating cross-functional decisions that enables an organization to achieve its objectives. Chandler (1962) defines strategy 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. Strategy has also been defined as a game plan management has for positioning the company in its chosen market arena, competing successfully, pleasing customers and achieving good business performance targets (Thompson and Strickland, 2003).

Strategic management thus is process the understanding of the strategic position of an organization, strategic choices for the future and turning strategy into action (Johnson, Scholes & Whittington, 2007). Strategic position in this case is concerned with the impact on strategy of the external environment, an organization's strategic capability (resources and competences) and the expectations and influence of stakeholders whereas strategic choices involved understanding the underlying bases for future strategy at both the business unit and corporate levels and the options for developing strategy in terms of both the directions and methods of development. Finally, strategy in action was concerned with ensuring that strategies are working in practice. The strategic management process consists of three stages namely: strategy formulation, strategy implementation, and strategy evaluation stage.

Thompson & Strickland (1989) defined strategy formulation as the management function of establishing organization direction, setting objectives and devising a managerial game plan. Strategy formulation is concerned with the developing of organization's vision and mission, identifying the organization's opportunities and threats, establishing long term objectives, generating alternative strategies and choosing particular strategies for the firm to pursue. Strategy-formulation decisions commit an organization to specific products, markets, resources, and technologies over a period of time. Strategies influence the long-term competitive advantage positively or negatively. Strategic decisions have major multifunctional consequences and long-term effects on an organization. Top managers must therefore commit the necessary required resources to improve on strategy-formulation decisions.

Strategy implementation is defined as the process used to implement specific firm policies, programs, and action plans across the organization (Harrington, 2004). Bryson (1995) defined strategy implementation as the process by which management translates strategies and policies into action by development of programs, budgets and procedures and which may involve changes within the overall culture, structure and/or the management system of the organization. In this case the firm has to build its capacity to execute its strategy by developing strategy supportive programs, strong commitment to organizational objectives and strategy, linking reward structure and motivation to strategic goals, creating a work environment and culture that is in tune with the strategy and installing policies and procedures that enhance implementation process. (Thompson and Strickland, 1992).

According to Pearson and Robinson (2002) the purpose of implementation is to ensure that the planned results of the strategic decisions are realized. The two fundamental steps in strategy implementation process are institutionalization and operationalization of strategy. Operationalization of strategy involves breaking long-term corporate objectives to operational short-term objectives and developing specific functional, unit or departmental strategies and drawing action plans to achieve the objectives (Pearce & Robinson, 1996). It ensures that organization's daily activities and work efforts directly relate to the strategy. It spells out what will be done immediately or within short periods by a functional unit in order to implement a given strategy. Policies, programs and procedures must be developed to help in decision making .To add on that responsibilities must be assigned to specific people, and supportive budgets established. On the other hand refers to the matching of the strategy to the institutions of the organization.

According to Burgelman, Grove & Meza (2006) the reality of strategy resides in its strategic actions rather than its strategic statements. This requires that strategy must be built into organization's institutions. Hence entails those action-oriented activities such as matching strategy with organizational structure, matching strategy with culture, selecting effective leadership, designing effective reward systems, matching strategy with organization policies and effective strategy support systems.

Strategy evaluation is the final stage in strategic management. The strategy monitoring team desperately needs to know when particular strategies are not working well; strategy evaluation is basically the primary means for obtaining this information. All strategies are subject to future modification because external and internal factors are constantly changing. Three fundamental strategy evaluation activities involve; reviewing external and internal factors that are the bases for current strategies, measuring performance, taking corrective actions. The strategy evaluation process is significance to organizations because it confirms that what is being done is in accordance to the plan, assures that results are in line with the objectives, helps improve performance and it provides the link between strategic plan and the daily operations of the organization.

2.4 Factors Influencing Strategy Implementation

According to Okumus and Roper (1999) great strategies are worth nothing if they cannot be implemented. Successful strategy implementation requires strong leadership that enables allocation of resources, business process and policies that support the strategy. Johnson and Scholes (1993) noted that successful strategy implementation is a factor of organizational structure, resource allocation, and strategic management.

Strategy implementation is a more challenging and delicate task than strategy formulation. According to Shah (2005) strategy implementation is the most complicated and time consuming part of strategic management and managers do not pay as much attention to the planning of implementation as they pay to formulating strategy. Galpin (1998) observed that organizations seem to have difficulties in implementing their strategies. According to Burnes (2004) organizational characteristics that act as challenges to strategy implementation include structure, culture, leadership, policies, reward, and ownership of the strategy among others. The issues that influence effective implementation of strategy include: Organization structure, culture, leadership changes, organization's policy, resource allocation, support systems, communication, stakeholders involvement, and employees reward systems among others.

Organizational structure conveys how work is divided and assigned to people, and how the activities of the people performing their duties are co-ordinated in the enterprise (Boseman and Phatak, 1989). The choice of an organizations structure makes a difference on how the organization performs. Not all forms of organization structure are equally supportive in implementing a given strategy. Owen (2002) agrees that strategy and structure need to be matched and be supportive of each other in order to achieve the set objective. An organization may be forced to change its structural basis at certain levels due to the fact that an inconsistency between structure and strategy leads to disorder, friction and poor performance. Johnson and Scholes (2004) noted that failure to address issues of structure can at minimum, constrain strategy implementation and performance.

Organizational culture needs to be compatible with the strategy being implemented. According to Pearce and Robinson (2007) culture is a set of assumptions that members of an organization share in common (shared beliefs and values). Organizational culture helps in nurturing and dissemination of core values. Often organization culture is usually not compatible hence this may pose a major challenge in the implementation process. Aosa (1992) observed that lack of compatibility between strategy and culture can lead to high organizational resistance to change and demotivation, which can in turn frustrate the implementation of strategy. Implementation of new strategy will be concerned with adjustments in the culture, employees' style of doing things in order to accommodate the perceived needs of the strategy. Thompson and Strickland (2003) added that conflict between culture and strategy sends mixed signals to organization members.

Organization leadership needs to be matched with the strategy being implemented. Positions of authority and responsibility are core in the implementation stage. Leaders must influence action towards the same direction i.e. unity of direction through teamwork or team spirit. Sometimes strategy implementation may require leadership changes through; hiring and training, transfers, promotions so as to pave way for the desired leadership. According to Chapman (2004) strategy implementation requires efficient and effective leaders to guide the rest of the employees through the strategic goal with a lot of ease and provide solutions and explanations to unclear issues. Rowe (1994) noted that leadership inevitably requires using power to influence the thoughts and actions of other people and develop fresh approaches and open new actions hence poor leadership can hinder proper execution of strategy.

Reward systems should be linked to strategic performance. Actions that are consistent with strategy execution must be rewarded. Thompson and Strickland (1997) acknowledged that if strategy accomplishment is to be a really top priority, then the reward structure must be linked explicitly and tightly to actual strategic performance. Effective reward systems energize people in the organization to take actions that are consistent with strategy execution. Rewards can be in form of salary increments, merit awards, bonuses among others. People must be adequately compensated for their hand work (Bryson, 1995) hence ineffective compensation systems can affect the strategies being implemented as the people feel better if their efforts are appreciated.

Communication is a crucial success factor within strategy implementation (Raps, 2004). Lack of proper communication mechanisms and channels can hinder execution of strategy in the organization. Noble (1999) noted that the consensus about a company's strategy may differ across levels hence the members involved must have access to the same information for clarity purposes and coordination. According to Chapman (2004) all doors of communication are opened as a way of problem solving and feedback provided immediately to enhance strategy implementation. Chapman (2004) noted that organization's information flows in all directions; downwards, upwards and laterally hence employees freely communicate their ideas, suggestions, comments and complaints to the management on strategic objectives. According to Aaltonen and Ikavalko (2001) the amount of strategic communication in most organizations is large with both written and oral communication being used in form of top down communications.

Communication support systems must be put in place to reinforce the implementation process. Poor communication systems make it difficult to monitor implementation and take remedial actions when problems arise.

Availability of required resources that support strategy implementation is also a key factor in this stage. Inadequacy of resources such as inadequate human resource skills and experience, inadequate funds, inadequate equipment and facilities hinder the implementation process. Thompson and Strickland (2007) noted that to implement any strategy, necessary adequate resources must be available whether financial, physical, human or technological. The strategic plan must be linked to the annual budget allocation to ensure that the right financial requirements for implementation of strategy have been planned for.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the methodology that was applied in the overall process of the research. It elaborates on research design, population of study, data collection procedures, data analysis and presentation of the findings.

3.2 Research Design

The research design is the overall strategy that the researcher chooses to integrate the different components of the study in a coherent and logical way, thus, ensuring that he effectively addresses the research problem. It constitutes the blueprint for the collection, measurement, and analysis of data. The research problem determines the type of design the researcher chooses.

The research was census survey of the Kenyan Parastatals in the energy sector, which intended to determine the key challenges that Kenyan parastatals encounter in implementing their corporate strategic plans .According to Churchill (1991) census survey is an appropriate form of study, especially when the objective of the research is to gain greater understanding into the concept being examined.

3.3 Population of the Study

According to Mugenda and Mugenda (2003) a population is the total collection of elements from which a person is to make some inference. The study targeted all the Kenyan parastatals in the energy sector which comprise of 9 state corporations as per the Report of The Presidential Task force on Parastatal Reforms (2013).

The researcher used a census approach due to the small number of Kenyan parastatals in the energy sector. A census is the technique of systematically acquiring and recording information of every unit or everything in a population. A census survey basically is representative of the whole population hence high degree of statistical assurance.

3.4 Data Collection

Primary data for the study was collected by the use of questionnaire that uses a likert scale containing both open-ended and closed ended questions (see Appendix II). The questionnaire has been formulated with the aim of achieving the objective of the study. The questionnaires were administered to three senior officers in each of the 9 Kenyan state corporations in the energy sector hence the study had 27 respondents in total. The respondents consisted of three senior officers from corporate planning department, finance department and operations department.

The questionnaire was divided into two sections whereby the first section consisted of questions looking for general information of the respondent. The other sections were used to obtain data on the specific variables of the study. The questionnaire enabled the researcher to get firsthand information about the area of study.

The researcher administered each of the questionnaires personally to the respondents for the purpose of data collection. A drop and pick method was adopted hence this makes it cheap and convenient.

3.5 Data Analysis

The data collected from the respondents was checked for completeness and edited accordingly. The edited data was coded in order to interpret responses into specific categories. Coding facilitated easier classification of data collected in order to facilitate tabulation and interpretation.

Descriptive statistics such as means, standard deviation, percentages and frequency distributions was used in data analysis. Descriptive statistics is the discipline of quantitatively describing the main features of a collection of information. This method is ideal because it quantitatively describes the main features of information collected. Presentation of data was done on tables, charts and graphs and percentages for ease of understanding.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

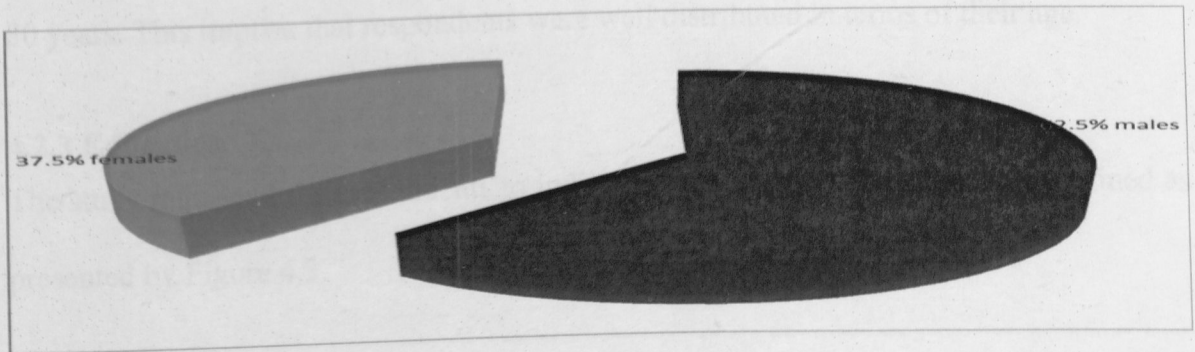
This chapter discusses the data analysis, interpretation and presentation of the findings obtained from the field. The chapter presents the background information of the respondents, findings of the analysis based on the objectives of the study. Descriptive statistics have been used to discuss the findings of the study. The study targeted a sample size of 27 respondents from which 24 filled in and returned the questionnaires making a response rate of 88.9%. This response rate was satisfactory to make conclusions for the study as it acted as a representative. According to Mugenda and Mugenda (1999), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was excellent

4.2 Background Information

In this section the study sought to establish the background information of the respondents. In specific, it sought information on gender of the respondent, age of the respondents, respondent highest level of education, designation in the organization, the length of time the organisation has been in existence, period of service in the current position and whether the organization applied strategy in its management. The detailed finding of the respondents demographic is presented in section 4.2.1 to 4.2.6 as follows:

4.2.1 Gender

The study sought to determine the gender of the respondents as presented in Figure 4.1.



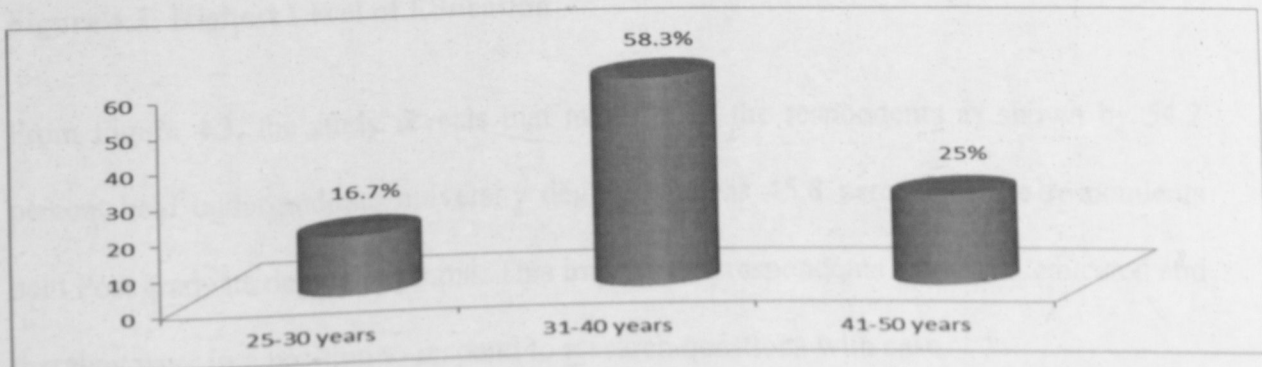
Source: Primary Data (2014).

Figure 4.1: Gender of the Respondent

From Figure 4.1, the study establishes that majority of the respondents as shown by 62.5 percent were males whereas 37.5 percent were females, this implies that both genders were fairly engaged in this research and thus the finding of the study did not suffer from gender biasness.

4.2.2 Age

The study sought to determine the age of the respondents as presented in Figure 4.2



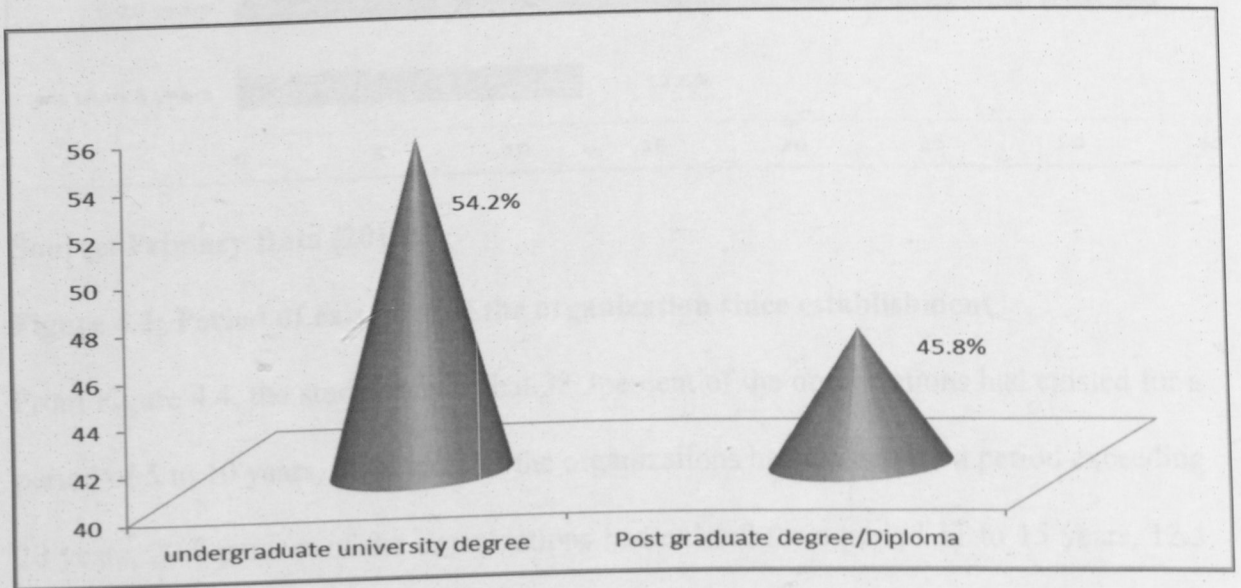
Source: Primary Data (2014)

Figure 4.2: Age of the Respondent

From Figure 4.2, the study reveals that majority of the respondents as shown by 58.3 percent were aged between 31 to 40 years, 25 percent of the respondents were aged between 41 to 50 years, whereas 16.7 percent of the respondents were aged between 25 to 30 years. This implies that respondents were well distributed in terms of their age.

4.2.3 Education

The study requested the respondents to indicate the highest level of education attained as presented by Figure 4.3.



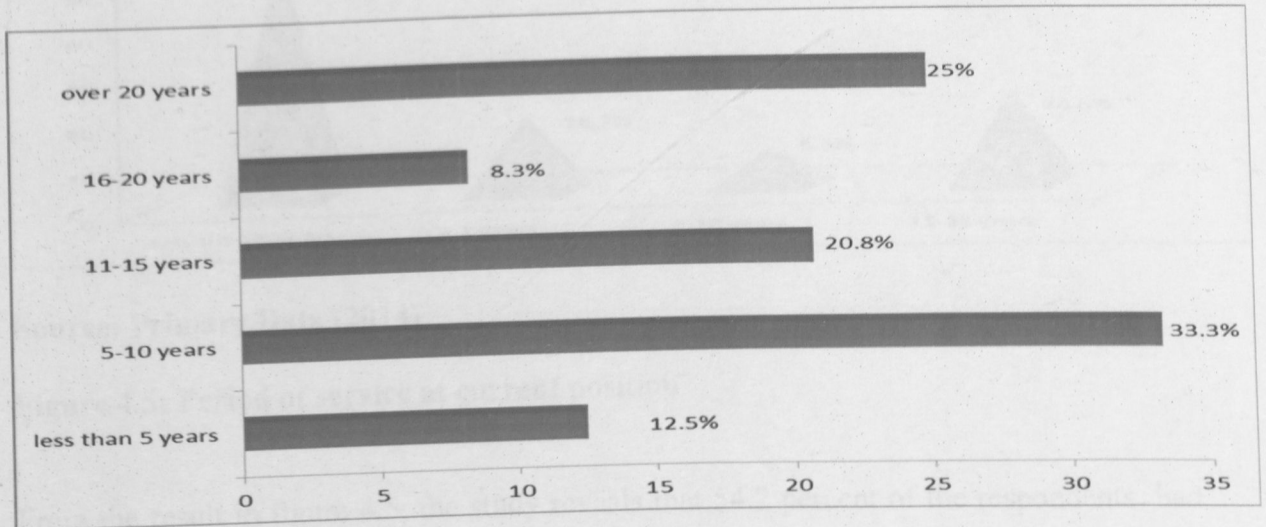
Source: Primary Data (2014)

Figure 4.3: Highest Level of Education

From Figure 4.3, the study reveals that majority of the respondents as shown by 54.2 percent held undergraduate university degree whereas 45.8 percent of the respondents held Post graduate degree/Diploma. This implies that respondents were well educated and that they were in a position to respond to research questions with ease.

4.2.4 Period of existence of the organization

The study requested the respondents to indicate the period of existence of the organization since establishment as presented by Figure 4.4.



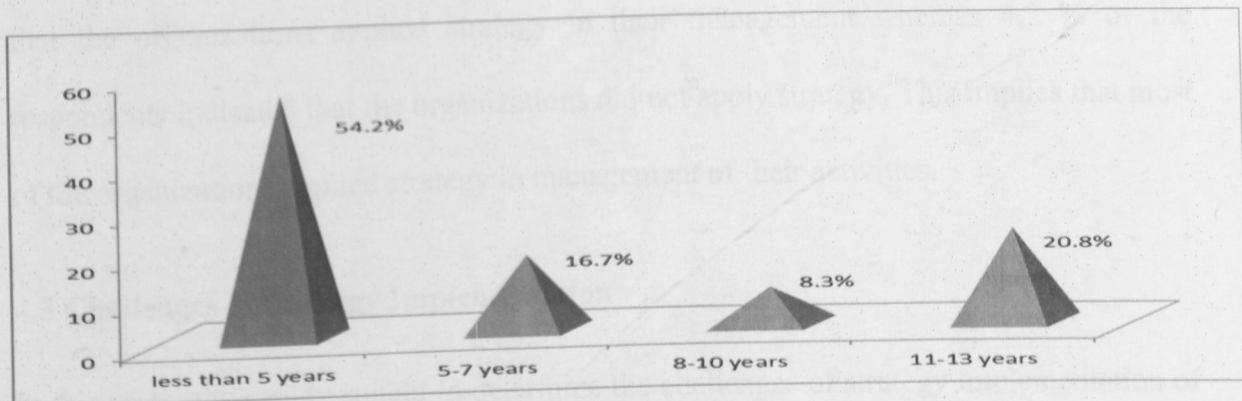
Source: Primary Data (2014)

Figure 4.4: Period of existence of the organization since establishment

From Figure 4.4, the study reveals that 33.3 percent of the organizations had existed for a period of 5 to 10 years, 25 percent of the organizations had existed for a period exceeding 20 years, 20.8 percent of the organizations had existed for a period 11 to 15 years, 12.5 percent of the organizations had existed for a period of less than 5 years, whereas 8.3 percent of the organizations had existed for a period 16 to 20 years.

4.2.5 Period of service at current position

The study sought to determine the respondents' period of service at current position as presented in Figure 4.5.



Source: Primary Data (2014)

Figure 4.5: Period of service at current position

From the result in figure 4.5, the study reveals that 54.2 percent of the respondents had served in the current position for a periods of less than five years, 20.8 percent of the respondents for a period of 11 to 13 years, 16.7 percent of the respondents for a period of 5 to 7 years, whereas 8.3 percent of the respondents had served in the current position for a periods of 8 to 10 years. This Implies that majority of the respondents had held the same position for a considerable period of time.

4.2.6 Organization applies strategy in its management

The study sought to establish whether the Kenyan parastatals in the energy sector applied strategy in their management. The results are presented in table 4.1.

Table 4.1: Whether the organization applies strategy in its management

Opinion	Frequency	Percent
Yes	23	95.8
No	1	4.2
Total	24	100

Source: Primary Data (2014)

From the results in table 4.1, majority of the respondents as shown by 95.8 % indicated that the organizations applied strategy in their management whereas 4.2 % of the respondents indicated that the organizations did not apply strategy. This implies that most of the organizations applied strategy in management of their activities.

4.3 Challenges of Strategy Implementation

In this section the study sought to determine the challenges of strategy implementation of the Kenyan parastatals in the energy sector. In order to find out the challenges that Kenyan parastatals face in implementing their strategic plan, various potential challenges were identified and included in the questionnaire. Respondents were requested to indicate the extent to which the listed factors impacted on the implementation process of their strategies in their organizations. A five-point likert scale was used, where 1 is agreement to “not at all” and 5 is agreement to a “very large extent”. In addition, the respondents were asked to mention any other challenge that they face in strategy implementation that was not included by the researcher. The mean and standard deviation were used to indicate the extent to which some of these challenges determine strategy implementation among Kenyan parastatals as shown in table 4.2.

Table 4.2: Extent to which the Kenyan parastatals encountered challenges in strategy implementation

Strategy Implementation challenges	N	1	2	3	4	5	M	Std. Dev.
Inadequate funding	24			7	7	10	4.13	0.85
Lack of top management commitment/Poor leadership	24		8	8	6	2	3.08	0.97
Staff resistance to change	24	4	8	11	1		2.38	0.82
Political interference/influence	24	3	7	4	3	7	3.17	1.46

Table 4.2 Cont'd.....

Organizational culture	24	1	2	9	10	2	3.42	0.93
Inadequate capacity	24	2	4	8	7	3	3.21	1.14
Lack of appropriate organizational structure	24		6	6	9	3	3.38	1.01
Lack of sufficient communication	24	2	1	7	10	4	3.54	1.10
Lack of clear understanding of the strategy among those who need to implement it	24		1	8	13	2	3.67	0.70
Poor reward systems	24		4	12	5	3	3.29	0.91
Lack of stakeholders involvement	24	2	8	9	4	1	2.75	0.99
Monitoring, planning, coordinating and sharing of responsibilities being not well defined	24	3	5	10	4	2	2.88	1.12
Lack of Proper systems and processes to support the implementation of strategy	24	2	2	5	13	2	3.46	1.06
Organization's Policies	24	1	6	9	6	2	3.08	1.02
Others specify.....	24							

Source: Primary Data (2014)

Note:

1 = Not at all 2 = Little extent 3 = Moderate extent 4 = Great extent 5 = Very great extent

N = Frequency M = Mean Std. Dev.= Standard deviation

The study sought to determine the extent to which the Kenyan parastatals encountered the above challenges in strategy implementation. From the research findings, the major challenges facing strategy implementation are: inadequate funding with a mean score of 4.13 and a standard deviation of 0.85; lack of clear understanding of the strategy among those who need to implement it with a mean score of 3.67 and a standard deviation of 0.70; lack of sufficient communication with a mean score of 3.54 and a standard deviation of 1.10; lack of Proper systems and processes to support the implementation of strategy with a mean score of 3.46 and a standard deviation of 1.06; organizational culture with a mean score of 3.42 and a standard deviation of 0.92; lack of appropriate organizational structure with a mean score of 3.38 and a standard deviation of 1.01;

poor reward systems with a mean score of 3.29 and a standard deviation of 0.91; inadequate capacity with a mean score of 3.21 and a standard deviation of 1.14 ;political influence with a mean score of 3.17 and a standard deviation of 1.46.

The other challenges mentioned included: organization's policies with a mean score of 3.08 and a standard deviation of 1.02; lack of top management commitment or poor leadership with a mean score of 3.08 and a standard deviation of 0.97; monitoring, planning, coordinating and sharing of responsibilities being not well defined with a mean score of 2.88 and a standard deviation of 1.12; lack of stakeholders involvement with a mean score of 2.75 and a standard deviation of 0.99; staff resistance to change with a mean score of 2.38 and a standard deviation of 0.82. From the outcomes in table 2 above, it is apparent that the foundation of a successful approach to strategy implementation is the recognition that effective resource allocation, clear understanding of the strategy being implemented, proper communication, proper support systems and processes, organizational structure, organizational culture, reward systems, staff skills capacity and political influence need to be addressed in order to implement the organizations strategy effectively. Sections 4.3 to 4.18 provide a detailed analysis of respondent's response on each strategy implementation challenge.

4.3.1 Adequate Funding

In order to achieve effective strategy implementation, enough financial resources need to be allocated .Lack of financial resources is generally a bigger threat to capital intensive strategies as Kenyan parastatals in energy sector mostly undertake on tasks that require large financial capital. Table 4.3 presents the detailed results of the respondents' response on inadequate funding in strategy implementation.

Table 4.3: Inadequate funding

Inadequate Funding	Frequency	Percentage (%)
Very great extent	10	42%
Great extent	7	29%
Moderate extent	7	29%
Little extent	0	0%
Not at all	0	0%
Total	24	100%

Source: Primary Data (2014)

From the results in table 4.3, forty two percent (42%) of the respondents indicated that the strategy implementation challenge of inadequate funding impacted at a very great extent their strategy implementation while twenty nine percent (29%) of the respondents of the respondents noted that the challenge of inadequate funding impacted their strategy implementation at great and moderate extent.

4.3.2 Clear understanding of the strategy among those who need to implement it

Clear understanding of the strategy among those who need to implement it is very fundamental in any implementation process. Some strategies fail because there is insufficient understanding of the strategy among those who need to implement it. Table 4.4 presents the detailed results of the respondents' response on the understanding of the strategy among those who need to implement it.

Table 4.4: Lack of clear understanding of the strategy among those who need to implement it

Lack of clear understanding of the strategy among those who need to implement it	Frequency	Percentage (%)
Very great extent	2	8%
Great extent	13	55%
Moderate extent	8	33%
Little extent	1	4%
Not at all	0	0%
Total	24	100%

Source: Primary Data(2014)

According to the results in table 4.4, majority of the respondents indicated that lack of clear understanding among those who need to implement it impacted to a great extent the implementation process at fifty five percent(55%);eight percent (8%) of the respondents indicated that lack of clear understanding impacted on implementation at a very great extent ; thirty three percent (33%) at a moderate extent while four percent(4%) were of the opinion that it impacted on the strategy implementation at a little extent.

4.3.3 Communication

Communication is a crucial success factor within strategy implementation (Raps, 2004).Lack of proper communication mechanisms and channels can hinder execution of strategy in the organization Effective communication of the strategy and its underlying rationale are critically important. Table 4.5 presents the detailed results of the respondents' response on lack of sufficient communication.

Table 4.5: Lack of sufficient communication

Lack of sufficient communication	Frequency	Percentage (%)
Very great extent	4	17%
Great extent	10	42%
Moderate extent	7	29%
Little extent	1	4%
Not at all	2	8%
Total	24	100%

Source: Primary Data (2014)

From the results in table 4.5, seventeen percent (17%) of the respondents indicated that the strategy implementation challenge of lack of sufficient communication impacted at a very great extent, forty two percent (42%) of the respondents indicated that the strategy implementation challenge of lack of sufficient communication impacted at a great extent their strategy implementation, twenty nine percent (29%) of the respondents of the respondents noted that the challenge of lack of sufficient communication impacted their strategy implementation at a moderate extent while four percent(4%) and eight percent(8%) felt that it affected the implementation of strategy to a little or no extent respectively.

4.3.4 Proper systems and processes to support the implementation of strategy

In order to achieve effective strategy implementation proper systems and processes to support the implementation process need to be put in place. Poor systems and processes make it difficult to monitor implementation and take remedial actions when problems arise hence table 4.6 presents the detailed results of the respondents' response on lack of proper systems and processes to support the implementation of strategy.

Table 4.6: Lack of Proper systems and processes to support the implementation of strategy

Lack of Proper systems and processes to support the implementation of strategy	Frequency	Percentage (%)
Very great extent	2	8%
Great extent	13	55%
Moderate extent	5	21%
Little extent	2	8%
Not at all	2	8%
Total	24	100%

Source: Primary Data(2014)

According to the results in table 4.6, eight percent (8%) of the respondents indicated that the strategy implementation challenge of lack of Proper systems and processes to support the implementation of strategy impacted at a very great extent, fifty five percent (55%) of the respondents indicated that the strategy implementation challenge of lack of proper systems and processes impacted at a great extent their strategy implementation, twenty one percent (21%) of the respondents of the respondents noted that the challenge of lack of proper systems and processes impacted their strategy implementation at a moderate extent while four percent(8%) were of the opinion that if affected the implementation of strategy to a little or no extent .

4.3.5 Organizational Culture

In order for strategy implementation to be a success the organization culture need to be compatible with strategy. Organizational culture helps in nurturing and disseminating of core values hence its non-compatibility may pose a major challenge in the implementation process. Table 4.7 presents the detailed results of the respondents' response on organization culture in strategy implementation.

Table 4.7: Organizational Culture

Organizational Culture	Frequency	Percentage (%)
Very great extent	2	8%
Great extent	10	42%
Moderate extent	9	38%
Little extent	2	8%
Not at all	1	4%
Total	24	100%

Source: Primary Data (2014)

From the results in table 4.7, eight percent (8%) of the respondents indicated that the strategy implementation challenge of organizational culture impacted at a very great extent, forty two percent (42%) of the respondents indicated that the strategy implementation challenge on organizational culture impacted at a great extent their strategy implementation, thirty eight percent (38%) of the respondents noted that the challenge of culture impacted their strategy implementation at a moderate extent while eight percent(8%) and four percent(4%) felt that if affected the implementation of strategy to a little or no extent respectively.

4.3.6 Organizational structure

Organizational structure conveys how work is divided and assigned to people, and how the activities of the people performing their duties are co-ordinate in the organization. The choice of structure is vital to the implementation of corporate strategy hence it needs to be aligned to what the strategy is calling for.

Table 4.8 presents the detailed results of the respondents' response on lack of appropriate organizational structure in strategy implementation.

Table 4.8: Lack of appropriate organizational structure

Lack of appropriate organizational structure	Frequency	Percentage (%)
Very great extent	3	13%
Great extent	9	38%
Moderate extent	6	25%
Little extent	6	25%
Not at all	0	0%
Total	24	100%

Source: Primary Data (2014)

From the results in table 4.8, thirteen percent (13%) of the respondents indicated that the strategy implementation challenge of lack of appropriate organizational structure impacted at a very great extent their strategy implementation ,thirty eight percent (38%) of the respondents noted that the challenge of lack of appropriate organizational structure impacted their strategy implementation at great extent while twenty five percent(25%) were of the opinion that it affected the implementation process to a moderate and little extent.

4.3.7 Reward systems

In order to achieve effective strategy implementation actions that are consistent with strategy execution must be rewarded. The organization should link the employees' performance during implementation phase with the overall reward and compensation systems.

Table 4.9 presents detailed results of the responses on poor reward systems in strategy implementation.

Table 4.9: Poor reward systems

Poor reward systems	Frequency	Percentage (%)
Very great extent	3	12%
Great extent	5	21%
Moderate extent	12	50%
Little extent	4	17%
Not at all	0	0%
Total	24	100%

Source: Primary Data (2014)

According to the results in table 4.9, twelve percent (12%) of the respondents indicated that the strategy implementation challenge of poor reward systems impacted at a very great extent, twenty one percent (21%) of the respondents indicated that the strategy implementation challenge on poor reward systems impacted at a great extent on strategy implementation, fifty percent (50%) of the respondents noted that the challenge of poor rewards impacted their strategy implementation at a little extent while eight percent (17%) felt that it affected the implementation of strategy to a little extent.

4.3.8 Inadequate capacity

Availability of adequate capacity in terms of human resource skills and experience, adequate equipment and facilities are key factors for effective strategy implementation.

Inadequacy of such resources may hinder the implementation process.

Table 4.10 presents the detailed results of the respondents' response on inadequate capacity in strategy implementation.

Table 4.10: Inadequate capacity

Inadequate capacity	Frequency	Percentage (%)
Very great extent	3	13%
Great extent	7	29%
Moderate extent	8	33%
Little extent	4	17%
Not at all	2	8%
Total	24	100%

Source: Primary Data 2014

According to the results, 13% of the respondents indicated that the challenge of inadequate capacity during implementation affected them to a very great extent, 29% were of the opinion that it impacted to a great extent, 33% indicated that it affected the implementation of strategy to a moderate extent while 17% and 8% felt that inadequate capacity influenced the implementation process to a little and no extent respectively.

4.3.9 Political interference/influence

Effective strategy implementation calls for minimal or no political interference at all. as politics both within or outside the organization has effect on the strategies being implemented.

Table 4.11 presents the detailed results of the respondents' response on political interference in strategy implementation.

Table 4.11: Political interference/influence

Political interference/influence	Frequency	Percentage (%)
Very great extent	7	29%
Great extent	3	12%
Moderate extent	4	17%
Little extent	7	29%
Not at all	3	13%
Total	24	100%

Source: Primary Data (2014)

From the results in table 4.11, the respondents had varied opinions with 29% indicating that political influence impacted to a very great extent on strategy implementation, 12% to a great extent, 17% to a moderate extent while 29% and 13% noted that political interference affected the strategy implementation process to a little and no extent respectively.

4.3.10 Organization policies

Successful strategy implementation requires strategy supportive organization policies. Policies are general statements or understandings that guide the top management thinking in decision making. They provide top-down guidance on how things are done hence help enforce consistency on how strategic activities are performed in the organization as a whole. Table 4.12 presents the detailed results of the respondents' response on organization policies in strategy implementation.

Table 4.12: Organization policies

Organization policies	Frequency	Percentage (%)
Very great extent	2	8%
Great extent	6	25%
Moderate extent	9	38%
Little extent	6	25%
Not at all	1	4%
Total	24	100%

Source: Primary Data (2014)

The results in the table above shows that 8% of the respondents were of the opinion that the challenge of organization policy during implementation affected them to a very great extent, 25% felt that it impacted to a great extent, 38% indicated that it affected the implementation of strategy to a moderate extent while 25% and 4% felt that organization policies influenced the implementation process to a little and no extent respectively.

4.3.11 Top management commitment/ Leadership

Leadership is an essential element of effective strategy implementation. Leaders must influence action towards the same direction i.e. unity of direction through teamwork or team spirit. Leadership is the force that causes change hence poor leadership can hinder proper execution of strategy. Table 4.13 presents the detailed results of the respondents' response on lack of top management commitment or poor leadership in strategy implementation.

Table 4.13: Lack of top management commitment/Poor leadership

Lack of top management commitment/Poor leadership	Frequency	Percentage (%)
Very great extent	2	9%
Great extent	6	25%
Moderate extent	8	33%
Little extent	8	33%
Not at all	0	0%
Total	24	100%

Source: Primary Data (2014)

From the results in table 4.13, nine percent (9%) of the respondents indicated that the strategy implementation challenge of lack of top management commitment impacted at a very great extent on their strategy implementation, twenty five percent (25%) of the respondents noted that the challenge of lack of poor leadership impacted their strategy implementation at great extent while thirty three percent (33%) were of the opinion that it affected the implementation process to a moderate and little extent.

4.3.12 Monitoring, planning, coordinating and sharing of responsibilities

Effective implementation requires continual monitoring of progress in the implementation process. The monitoring process is significance to the organization because it confirms that what is being done is in accordance to the plan and assures that the results are in line with the objectives. Responsibilities should also be clearly defined and well-coordinated among the people involved in strategy execution activities. Clarifying responsibility and accountability is vital to making strategy work.

Table 4.14 presents the detailed results of the respondents' response on monitoring, planning, coordinating and sharing of responsibilities being not well defined in strategy implementation.

Table 4.14: Monitoring, planning, coordinating and sharing of responsibilities being not well defined

Monitoring, planning, coordinating and sharing of responsibilities being not well defined	Frequency	Percentage (%)
Very great extent	2	8%
Great extent	4	17%
Moderate extent	10	42%
Little extent	5	21%
Not at all	3	12%
Total	24	100%

Source: Primary Data (2014)

According to the results in the table 4.14, 8% of the respondents were of the opinion that the challenge of monitoring, planning, coordinating and sharing of responsibilities being not well defined during implementation affected them to a very great extent, 17% felt that it impacted to a great extent, 42% indicated that it affected the implementation of strategy to a moderate extent while 21% and 12% felt that the challenge influenced the implementation process to a little and no extent respectively.

4.3.13 Stakeholder's involvement

A stakeholder is any person, group or institution that has an interest in the activities of an organization. The development of trust among those with interests in the energy sector Kenyan parastatals activities, both internally and externally is considered a key ingredient for successful strategy implementation.

The energy sector Kenyan parastatals stakeholders include: The government, government agencies, private sector, development partners, general public, civil societies, neighboring countries internal and external customers. The implementation process should involve all key stakeholder groups that play a role in strategy implementation. Table 4.15 presents the detailed results of the respondents' response on lack of stakeholder's involvement in strategy implementation.

Table 4.15: Lack of stakeholder's involvement

Lack of stakeholders involvement	Frequency	Percentage (%)
Very great extent	1	4%
Great extent	4	17%
Moderate extent	9	38%
Little extent	8	33%
Not at all	2	8%
Total	24	100%

Source: Primary Data (2014)

From the results in table 4.15, 4% of the respondents indicated that the strategy implementation challenge of lack stakeholders involvement impacted at a very great extent their strategy implementation , 17% of the respondents noted that the challenge of lack of appropriate organizational structure impacted their strategy implementation at great extent , 38% were of the opinion that it affected the implementation process to a moderate while 33% and 8% noted that lack of stakeholders involvement affected the implementation of strategy to a little and not at all extent respectively.

4.3.14 Staff resistance to change

The importance of managing change well is clearly important for effective strategy implementation. The inability to manage change and reduce resistance to new implementation decisions or actions can lead to failure of the execution efforts. Managing change is difficult, but successful strategy execution depends on it. Table 4.16 presents the detailed results of the respondents' response on staff resistance to change in strategy implementation.

Table 4.16: Staff resistance to change

Staff resistance to change	Frequency	Percentage (%)
Very great extent	0	0%
Great extent	1	4%
Moderate extent	11	46%
Little extent	8	33%
Not at all	4	17%
Total	24	100%

Source: Primary Data (2014)

According to the results in table 4.16, 4% of the respondents indicated that the strategy implementation challenge of staff resistance to change impacted at a great extent their strategy implementation, 46% of the respondents noted that the challenge of staff resistance to change impacted their strategy implementation at a moderate extent, 33% were of the opinion that it affected the implementation process to a little extent while 17% noted that staff resistance to change did not affect the implementation at all.

4.3.15 Challenges applied to other organizational departments

The study sought to establish whether the challenges applied to other organizational department as presented by table 4.17.

Table 4.17: Whether the challenges applied to other organizational departments

Opinion	Frequency	Percent
Apply to other departments	24	100
Total	24	100

Source: Primary Data (2014)

From the results in table 4.17 all the respondents as shown by hundred percent (100%) agreed that the challenges facing their department also applied to other departments as well.

4.3.16 Strategy implementation challenges were widespread in the sector.

The study sought to establish whether the challenges were widespread among other organizations in the energy sector as presented by Table 4.18.

Table 4.18: Whether the strategy implementation challenges were widespread in the sector.

Opinion	Frequency	Percent
Are widespread	19	79.2
Are faced by only a few organizations	5	20.8
Total	24	100.0

Source: Primary Data (2014)

From the results in table 4.18, 79.2 percent of the respondents indicated that the challenges were widespread across the sector whereas 20.8 percent of the respondents indicated that the challenges were only being faced by few organizations.

The study also revealed that suggestions that would help the energy sector Kenyan parastatals and other organizations to avoid the strategy implementation challenges included: seeking for alternative sources of financing ; have clear communication policy that cascades from the top management to the junior staff; involve all the stakeholders ; have strategy linked to financing; have top management communicate the vision on strategy being implemented; establishing the use of information technology to enhance communication; cultivate strategy supportive culture ;involvement of all employees in strategy implementation so as to reduce staff resistance to change ; reduce political interference ; have proper measures and checks to monitor strategy implementation process : have proper organizational structure in place ; reward systems should be linked to performance ; ample time should be allocated to strategic plans drafting ,the government should disburse funds to parastatals in good time ; stakeholders should be involved in strategy formulation and its implementation ; have clear responsibilities during for people involved in strategy implementation and coming up with proper communication and feedback channels.

4.4 Discussion

The findings correspond positively with the literature review section of the study. According to Johnson and Scholes (1993) successful strategy implementation is a factor of organizational structure, resource allocation, and strategic management hence lack of any of these factors might hinder the strategy implementation process.

Burnes (2004) noted that organizational characteristics that act as challenges to strategy implementation include structure, culture, leadership, policies, reward, and ownership of the strategy among others. The study found out that inadequate funding within the energy sector Kenyan parastatals was one of the major challenges affecting strategy implementation process with a mean score of 4.13 and a standard deviation of 0.85. The findings concur with the findings of Thompson and Strickland (2007) who noted that to implement any strategy, necessary adequate resources must be available whether financial, physical, human or technological hence lack or inadequacy of any of these might be a challenge.

Communication is the flow of information within the organization. It helps ensure that goals are understood, instructions are disseminated and feedback from various units and personnel is received. Lack of proper communication mechanisms and channels can hinder execution of strategy in the organization. Noble (1999) noted that the consensus about a company's strategy may differ across levels hence the members involved must have access to the same information for clarity purposes and coordination. From the study results the respondents in the energy sector parastatals indicated that lack of clear understanding of the strategy being implemented was one of the major challenges of strategy implementation with a mean of 3.67 and a standard deviation of 0.70. The results also revealed that lack of sufficient communication was a major challenge in the implementation process with a mean score of 3.54 and a standard deviation of 1.10.

Organizations need to have proper systems and processes to support the strategies being implemented. A process is a group of related activities contributing to a set objective. The support systems could be in term of information systems, financial systems, performance management systems, reward systems, up to date technological systems. Poor systems and processes make it difficult to monitor implementation and take remedial actions when problems arise. From the study results the respondents indicated that lack of proper systems and processes to support the implementation of strategy was a major challenge with a mean score of 3.46 and a standard deviation of 1.06. Lack well formulated processes and support system was a major barrier to effect implementation in the Kenyan parastatals in the energy sector.

Culture is a set of assumptions in terms of shared beliefs, values, and norms that members of an organization share in common (Pearce and Robinson, 2007). Organization culture is an important factor for the success of the organization strategies being implemented. Lack of strategy supportive culture might hinder effective implementation of strategy. From the results from the lack of supportive organization culture was shown as one of the major challenges that act as an obstacle to effective strategy implementation of the Kenyan parastatals in the energy sector. This concurs with the findings of Aosa (1992) who observed that lack of compatibility between strategy and culture can lead to high organizational resistance to change and demotivation, which can in turn frustrate the implementation of strategy. The top management should hence cultivate and impose a strategy supportive culture for the success of the organization as a whole.

Organizational structure plays a vital role in the strategy implementation process. According to Boseman and Phatak (1989) organizational structure stipulates how work is divided and assigned to people, and how the activities of the people performing their duties are coordinated in an organization. From the study findings lack of appropriate organizational structure was identified as one the major challenges in the implementation of the energy sector Kenyan parastatals. In addition the respondents indicated that functions such as monitoring, planning, coordination and sharing of responsibilities being not well defined also posed a challenge in the implementation process. This then agrees with Owen (2002) comments that strategy and structure need to be matched and be supportive of each other in order to achieve the set objective.

Organization leadership plays a major role in strategy implementation process. The top management commitment is vital in offering the strategic direction of the organization. According to Chapman (2004) strategy implementation requires efficient and effective leaders to guide the rest of the employees through the achievement of the strategic goal. From the study findings lack of top management commitment and poor leadership was indicated as one of the factors that hinder effective strategy implementation with a mean score of 3.08 and a standard deviation of 0.97. In addition the respondents indicated that organization's policies was a challenge in the implementation of strategy. Policies stipulate how certain activities in the organization are supposed to be handled hence consistency. This implies that strategy supportive policies should be enforced for effective strategy implementation.

Resource availability is a key factor in the implementation process. According to Barney (1991), firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, controlled by a firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness. Inadequate capacity in terms of human resource skills, inadequate funding, poor reward systems, poor strategy support systems and processes were indicated as some of the challenges that affect strategy implementation in the energy sector Kenyan parastatals. The resource-based view of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance (Barney 1991). The study findings confirm that inadequacy of resources posed a major challenge in the implementation of strategy.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the data findings, conclusion, recommendations limitation of the study, areas of further research and implication of the study on theory, practice and policy.

5.2 Summary

The objective of this study was to determine the challenges of strategy implementation of the Kenyan parastatals in the energy sector. The study found out that the major challenges that affect the strategy implementation among the Kenya parastatals in the energy sector include: inadequate funding; lack of clear understanding of the strategy among those who need to implement it; lack of sufficient communication; lack of Proper systems and processes to support the implementation of strategy; lack of supportive organizational culture; lack of appropriate organizational structure; poor reward systems; inadequate capacity ; and political influence or interference.

Other major challenges included: unsupportive organization's policies; lack of top management commitment or poor leadership; monitoring, planning, coordinating and sharing of responsibilities being not well defined; lack of stakeholders involvement; staff resistance to change. In addition the study established that most of the strategy implementation challenges applied to other organizational departments and that the challenges were mostly widespread among other organizations in the energy sector.

5.3 Conclusion

Effective strategy implementation is a very important stage for the success of any organization. However, most organizations encounter various challenges in the strategy implementation process. Based on the study findings it was concluded that the energy sector Kenyan parastatals are faced by various challenges in their strategy implementation.

The major challenges are: inadequate funding; lack of clear understanding of the strategy among those who need to implement it; lack of sufficient communication; lack of Proper systems and processes to support the implementation of strategy; lack of supportive organizational culture; lack of appropriate organizational structure; poor reward systems; inadequate capacity ;political influence or interference; unsupportive organization's policies; lack of top management commitment or poor leadership; monitoring, planning, coordinating and sharing of responsibilities being not well defined; lack of stakeholders involvement and staff resistance to change.

5.4 Recommendations

From the findings and conclusion, the study recommended that in order for the Kenyan parastatals in the energy sector to effectively implement their corporate strategies and minimize the strategy implementation challenges then there is need for improvement of some organizational factors that play a vital role for successful implementation.

The success factors recommended for the Kenyan parastatals in the energy sector include: ensuring that financial resources are available and are timely ; have clear communication policy that cascades from the top management to the junior staff; involve all the stakeholders ; have strategy linked to financing; have top management communicate the vision on strategy being implemented; establishing the use of information technology to enhance communication; cultivate strategy supportive culture and involvement of all employees in strategy implementation so as to reduce staff resistance to change .

Other recommendations that will help the Kenyan parastatals include: ensure minimal political interference ; have proper measures and checks to monitor strategy implementation process : have proper organizational structure in place ; reward systems should be linked to performance ; ample time should be allocated to strategic plans drafting ,the government should disburse funds to parastatals in good time ; stakeholders should be involved in strategy formulation and its implementation ; have clear responsibilities for people involved in strategy implementation and coming up with proper communication and feedback channels.

5.5 Areas for Further Studies

This study sought to determine the challenges of strategy implementation of the Kenyan parastatals in the energy sector. The researcher has recommended that there is need for similar studies to be carried out in other sectors Kenyan parastatals as this will help in comparison of the findings.

No research can be considered an end to itself. Research findings always lead to more research openings with a view to bridging the existing knowledge gap. From the findings of this study, it is instructive that more research work be conducted on the effect of strategy implementation on performance of Kenyan parastatals in the energy sector with a view of determining whether strategy implementation impacts on the performance of the Kenyan parastatals in the energy sector.

5.6 Limitation of the Study

The study focused on senior officials from the various energy sector Kenyan parastatals and strategy implementation challenges is like asking for a self-evaluation of the organization they work for hence the respondents were hesitant in filling up the questionnaire. It is therefore expected that some of the responses were likely to be biased on some of the issues that the respondents thought that they are sensitive and might affect the corporate image of the organization. This was hence minimized by assuring the respondents that the information was to be used solely for academic purposes.

Also, the study was carried out in only the energy sector and was limited to only the Kenyan parastatals due to time constraint. The study was also limited to determining the challenges of strategy implementation whereas strategy implementation is just one of the stages in the strategy management process.

5.7 Implication of the Study on Policy Practice and Theory

Energy sector in Kenya is key to economic growth, the findings of this study has assisted management of the Kenyan parastatals in the energy sector in coming up with proper strategies that will enhance effective strategy implementation in the sector.

The findings of this study has formed part of the action plans that will help in enhancing proper implementation of strategies in the Kenyan parastatals in the energy sector and other government state corporations.

The findings of this study are of great importance to the Kenyan government, other government state corporations, energy sector regulators and other policy makers in government, who design strategies and are keen to ensure effective implementation of these corporate strategies.

The findings of the study have added to the body of knowledge and provided a reference material for future researchers on related topics. The findings of this study will be valuable to researchers and scholars in authenticating previous research, examining the influence of context and helping in theory building in the area of strategic management. It has also formed a basis for further research.

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APPENDICES

Appendix I: Letter of Introduction



UNIVERSITY OF NAIROBI
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MBA PROGRAMME

Telephone: 020-2059162
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P.O. Box 30197
Nairobi, Kenya

DATE: 11/09/2014

TO WHOM IT MAY CONCERN

The bearer of this letter MILDRED MWIHAKI NGANG'A

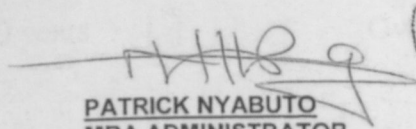
Registration No. D.C.I./60878/2013

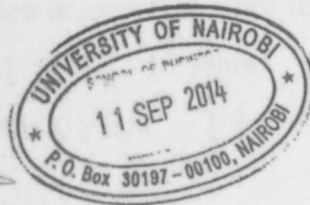
is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.


PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS



Appendix II: Questionnaire

This questionnaire is designed to generate information on challenges of strategy implementation of the Kenyan parastatals in the energy sector. All information volunteered will strictly remain confidential.

SECTION 1: GENERAL INFORMATION

1. Name of the respondent (optional) _____

2. Gender Male Female

3. Age bracket:

Below 25 years 25 – 30 years 31 – 40 years

41 – 50 years Over 50 years

4. Level of Education

Undergraduate University degree Post graduate degree/diploma

PhD Others specify _____

5. Designation (Optional) _____

6. How long has your organization been in existence since its establishment?

Less than 5 years 5 – 10 years 11 – 15 years

16 – 20 years Over 20 years

7. How long have you been in your current position?

Less than 5 years 5 – 7 years 8 – 10 years

11 – 13 years Over 13 years

8. Does the organization apply strategy in its management? Yes No

SECTION 2: CHALLENGES FACING STRATEGY IMPLEMENTATION

9. To what extent do you encounter each of the following challenges in your strategy implementation? Rate on a 5 – point scale, where

1 = Not at all 2 = Little extent 3 = Moderate extent 4 = Great extent

5 = Very great extent

Strategy Implementation challenges	1	2	3	4	5
Inadequate funding					
Lack of top management commitment/Poor leadership					
Staff resistance to change					
Political interference/influence					
Organizational culture					
Inadequate capacity					
Lack of appropriate organizational structure					
Lack of sufficient communication					
Lack of clear understanding of the strategy among those who need to implement it					
Poor reward systems					
Lack of stakeholders involvement					
Monitoring, planning, coordinating and sharing of responsibilities being not well defined					
Lack of Proper systems and processes to support the implementation of strategy					
Organization's Policies					
Others specify.....					

10. Are most of these challenges unique to your department or to others as well?

Please tick appropriately.

▪ Unique to my department

[] Apply to other departments

[]

11. Are the strategic implementation challenges mentioned above widespread among other organizations in your sector?

▪ Are widespread

[] Are faced by only a few organizations []

12. What suggestions would you give that would help your sector and other firms to avoid or minimize these strategy implementation challenges?

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

13. Please give any other documents you may have regarding the subject of this research.

THANK YOU FOR YOUR CO-OPERATION.

Appendix III: List of Kenyan State Corporations in the Energy Sector

No.	State Corporation
1	Energy Regulatory Commission
2	Geothermal Development Company
3	Kenya Electricity Generating Company
4	Kenya Electricity Transmission Company
5	Kenya Nuclear Electricity Board
6	Kenya Pipeline Company Limited
7	Kenya Power and Lighting Company
8	National Oil Corporation of Kenya Limited
9	Rural Electrification Authority

Source: Report of the Presidential Task force on Parastatal Reforms (2013)