

## **ABSTRACT**

Between February and December 2010, Kenya Electricity Generating Company Limited implemented Enterprise Resource Planning (ERP) strategy in quest for: best industry practices, cost cutting, high efficiency and instant access to data. The objective of this study was to determine challenges of implementing the ERP strategy at the Kenya Electricity Generating Company Limited. The research was conducted through a case study design. In-depth interviews were conducted using an interview guide with senior officials drawn from each division in which KenGen is functionally structured. A conceptual and qualitative content analysis method was used for data analysis, findings were presented in narrative form. The study revealed that ERP implementation at KenGen was completed on schedule which helped prevent an escalation of ERP implementation costs. ERP usage rates were sluggish from onset but forceful intervention of divisional directors and managers managed to somewhat reverse the pattern. Nine out of ten interviewees indicated that ERP usage is yet to hit peak and that about eighty percent of employees lack mastery of ERP. Study findings indicated that ERP implementation challenges were: organizational structure incompatible with ERP, nonsupportive organizational culture, inadequate allocation of resources, resistance to change, ineffective communication, high implementation costs, lack of incentives and reward systems and inadequate user training and education. These challenges were broadly categorized as institutional, behavioral, internal and external. Perhaps the challenge with greatest impact on ERP implementation was inadequate allocation of resources especially technological resources. While compressing implementation schedule may have worked well to control costs, it adversely impacted on the duration needed by the consultant to train staff. Therefore, there was ineffective and inadequate transfer of troubleshooting & problem solving skills from the consultant to super-users and by extension employees. This technological lapse left users ill equipped to make the most use of ERP. Consequently most staff are weakly equipped to handle technical challenges, the resulting low ERP usage has stood on the way of KenGen realizing the benefits from ERP implementation. This study recommends cost effective initiatives to realize effective training and capacity building such as active involvement of super-users in KenGen Areas to conduct hands-on refresher trainings aimed at broadening and deepening user abilities; training to provide materials to facilitate practice and learning. Embedding incentives and reward systems within ERP implementation by way of recognizing and rewarding outstanding performance was identified as key to spur ERP usage and motivate staff into active use of ERP.