EMPLOYEE PERCEPTION ON STRATEGIC CHANGE MANAGEMENT PRACTICES AND PERFOMANCE AT KENYA POWER & LIGHTING COMPANY LIMITED

BY

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DECLARATION

I declare that this research project is my original work and has not been presented to any other university for the award of a degree

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DEDICATION

To family members, particularly my wife Sue, son Jayden and father. You made me believe that I could make it.

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ABSTRACT

This sought to investigate the employee perception on strategic change management practices and performance at Kenya Power & Lighting Company Limited.

The study used the cross sectional survey design involving a stratified sample of 120 employees. Questionnaire containing both qualitative and quantitative questions were administered to the respondent. The questionnaire contained both open ended and closed type of questions. From the research the researcher was able to get information on employee perception on strategic change management practices and performance at Kenya Power & Lighting Company Limited.

The study found that the change management practices in Kenya Power were necessitated by entrance of competitors and inertia in the core business. The study results found that the major change practices adopted were re-branding, introduction of performance contracts to employees and also the development of a service charter

According to the study, the change management process has mostly affected the company's products and employee behavior. The employees felt that the impact of the change process could be noted positively on profitability and stakeholders' interest. They also noted that employee welfare and customer satisfaction were not taken keenly in the change process. The study also concluded that the employees felt that the senior managers and C.E.O actively participated in the change effort.

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CHAPTER ONE: INTRODUCTION

1.1 Background to the study

Organization change defined as, a concerted, planned effort to increase organizational effectiveness and health through changes in the organization's dynamics using behavioral science knowledge. (Symphony Orchestra Institute, 2001). As a process organizational change means the interplay of elements of change that goes on and on. Unlike objects organizational change is not discrete, static or solitary. As a process it exists in time. Considering organizational change as a process means it will be necessary to look at more than just the various strategies to introduce change in organizations or their outcome, and delve deeper to discover relationships and reactions that feed back to inform the change process.

Perception can be defined as a "complex process by which people select, organize, and interpret sensory stimulation into a meaningful and coherent picture of the world" (Berelson and Steiner, 1964). In the same vein, perception is "about receiving, selecting, acquiring, transforming and organizing the information supplied by our senses" (Barber and Legge, 1976). Several researchers (e.g, Allport, 1954) have extended Bartlett's (1932) work.

1.1.1 The concept of strategy

Strategic management is a comprehensive area that covers almost all the functional areas of the organization (Fred, 2003). It is an umbrella concept of management that comprises all such functional areas as marketing, finance & account, human resource, and production &

operation into a top level management discipline. Therefore, strategic management has an importance in the organizational success and failure than any specific functional areas. Strategic management is different than the routine and operation management. Strategic management deals with organizational level and top level issues whereas functional or operational level management deals with the specific areas of the business. Strategic management has relatively long term focus in comparison to the operational management. Top-level managers such as Chairman, Managing Director, and corporate level planners involve more in strategic management process whereas functional managers and other employees involve more in operational management areas. Strategic management area is broader than any specific functional management area.

Strategic management relates to setting vision, mission, objectives, and strategies that can be the guideline to design functional strategies in other functional areas. Therefore, it is top-level management that paves the way for other functional or operational management in an organization .Strategic management is very important area. It determines whether an organization excels, survives, or dies. Strategic management is very important because it guides all the functional areas of the business. It is generally believed that businesses, which develop formal strategic management systems, have a higher probability of success than those, which do not1.Strategic management helps firms anticipate future problems and opportunities. It provides clear vision, mission, objectives, and strategies that lead organization into the secured future. "Strategic management is defined as the art and science of formulating, implementing, and evaluating cross-functional decisions that enable the organization to achieve its objectives. Generally, strategic management is not only related to a single specialization but covers cross-functional or overall organization.

Strategic management is a stream of decisions and actions. It is a process by which top-level management decides and does for the success of the organization. It helps to determine the best possible strategy so that organization could win the game in competitive business environment. Thus, strategic management is a way where a strategist finds where organization is and where it wants to reach. The gap between desired and possible is known as performance gap. In this context, strategic management process not only identifies the performance gap but also attempts to reduce the gap.

1.1.2 Strategic Change Management Practices

Change management is a set of processes that is employed to ensure that significant changes are implemented in an orderly, controlled and systematic fashion to effect organizational change (Mullins, 1995). One of the goals of change management is with regards to the human aspects of overcoming resistance to change in order for organizational members to buy into change and achieve the organization's goal of an orderly and effective transformation (Diefenbach, 2006). The introduction of change brings in a lot of resistance and conflict with the employees. This is because any change in 'status quo' brings in apprehension as no one knows what the outcome maybe.

Change management must prepare and anticipate the likely reactions of employees and determine how to deal with them. The different perceptions to change come because of the difference in the background of employees and their perception of the change outcome. Change can be studied in terms of its effects at the individual, group, and organization, and society, national or international level, (Mullins, 1995) Perception refers to the way we see or view things or simply our attitude towards things or people. We perceive things in different ways because we have our own image of the world. According to Mullins (1985), we all have our own ‘world’, our own way of looking at and understanding our environment and the people within it.

In the past, employees’ feelings and contribution to the organization was not viewed as very important. However, in the early 1930’s,the Human Relations Approach theory was advanced as a result of the experiments that were done by Elton Mayo which came to be known as the Hawthorne experiments. These experiments helped managers to see the importance of the employees and the necessity of putting their feelings into consideration. The experiments showed that when workers felt that they were getting attention from management, their productivity increased. This helps us to understand the importance of employees to an organization and the approach an organization should adopt with them even when affecting any kind of changes.

Organizational change is a socially constructed reality with negotiated meaning as outcomes of power relationships and struggles for supremacy (Grant, 2000). “Between the lines” a particular strategy is primarily about power and control, dominance and supremacy, whose access to resources will be enlarged or reduced, who can stay and who has to go. On the one hand, this struggle for supremacy, power and control is about personal interests. For example, senior managers are well aware of the fact that initiating a new strategic change initiative can, irrespective of the factual outcomes for the organization, increase their credibility (Staw and Epstein, 2000) and their market value outside the organization as well as their position and influence inside the organization

1.1.3 Employee Perceptions

The research on the roles and effects of perceptions on people's decisions and behaviors is yet to be completed, and the search for a better understanding of various perceptions on employees' behaviors such as turnover or commitment in the field of human resource management continues its momentum. However, empirical research has begun to show that in organizational settings, certain perceptions such as the perception of uncertainty are associated with people's behaviors. An empirical study by Ashford and colleagues (1989), for example, has shown evidence for a positive relationship between perceived job insecurity and intention to quit. Another empirical study by Eisenberger, Fasolo and Davis-LeMastro (1990) has demonstrated that employees' perceived organizational support is related to various attitudes and behaviors. In a more recent study, Gopinath and Becker (2000) found that perceived procedural justice concerning the divestment activities of the firm is positively related to post-divestment commitment to the firm.

The discussion of the general concept of perceptions would be incomplete without mentioning two other related concepts – recognition and action. The concept of recognition deals with the ability to discriminate among familiar classes of objects, and it is related to the concept of categorization. Thus, at an abstract level, recognition is one's ability to place objects in a category. To understand the relationship between recognition and categorization, it is necessary to consider how humans make sense of reality in a complex world. Perhaps the key answer to this question is the assertion in psychology that in an attempt to make sense of a complex world, humans often construct and use categorical representations to simplify and streamline the perception process (Fiske and Taylor, 1984, 1991; Gilbert and Hixon, 1991).

1.1.4 Organisational Performance

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs

The Oxford advanced learners dictionaries describe performance as how well or bad something works. In the private sector, the principal measure of performance is profit (Nyororo,2006) public agencies however have no such universal and widely accepted performance measure of success. It is measured mostly by their set goals of their programs and whether the desired results and outcomes have been achieved. Success is often viewed as from the distinct perspectives of various stakeholders such as legislatures, regulators, government bodies, vendors, supplies, customers and the general public (Serving the American, Public report, 1997).

The measure of performance can be divided into two distinct functions namely; the financial function mostly announced at the end of every financial year in terms of profitability and the non-financial function mainly measure by the; the company staff welfare, the company participation in corporate social responsibilities, customer satisfaction, efficiency in production and ability of the company to honour in time its statutory obligations.

1.1.5 Kenya Energy Sector

Kenya energy sector is here marked as one of the most important of achievement of the vision 2030 economic blue print. It consists of the electricity and petroleum sub sectors among others. In the electricity subsectors we have the generation of electricity mostly done by Kenya Electricity Generating Company and Independent Power producers (IPP'S) and the Transmitting and distributing currently mostly done by Kenya power & Lighting Company Limited and Kenya Electricity Transmission Company Limited (KETRACO).

According to a PriceWaterCoopers report biomass energy accounts for about 70% of all energy consumed while petroleum and electricity account for only 21% and 9%, respectively. The Government has prioritized efforts to shift the underlying pattern of energy consumption towards more cleaner and modern forms of energy (ie electricity). In addition to providing a cleaner form of energy, the shift is also driven by the desire to reduce the negative impact to the economy from the unstable international oil prices.

Kenya currently generates about 1,400 megawatts (MW) of electricity. Additional capacity in the pipeline could increase this by 500MW in the next 3 years if projects are implemented on time. But this is not enough. The current electricity demand is 1,191 MW against the effective installed capacity of 1500 MW. The peak load is anticipated to grow to about 2,500 MW by 2015 and 15,000 MW by 2030. To meet this growing demand, the projected installed capacity should increase gradually to 19,200 MW in the next two decades. To meet the projected demands effort are done to diversify the traditional sources of electricity form hydro electricity to more cleaner and reliable sources including geothermal and wind power.

1.1.6 Kenya Power & Lighting Company Limited

KPLC is a limited liability company responsible for the transmission, distribution and retailing of electricity throughout Kenya. KPLC owns and operates the national transmission and distribution grid, and retails to more than 850,000 customers throughout

Kenya (Kenya Power; Project Mwangaza Bulletin). It is committed to providing high quality customer service by efficiently transmitting and distributing high quality electricity that is safe, adequate and reliable at cost effective tariffs. To achieve this, the Board, Management and staff of KPLC are committed to effective implementation and continual improvement of the Quality Management System that complies with ISO 9001:2000 in order to consistently meet its customers and other stakeholder's requirements and expectations. To achieve the world-class status in supply of electrical energy in a competitive environment the company initiated change management programmes among them project Mwangaza. The change management practices aim to achieve the highest standards of customer service; and to ensure the company long term technical and financial viability.

KPLC's operations are divided into four business units called Regions in addition to the transmission and telecommunication business units. Nairobi region has 53% market share. Coast and Western regions have 19% market share each while Mt. Kenya has 9% share. KPLC has a total of about 10,000 employees spread out all over the country. KPLC currently serves about 19%v of country house holds with projected growth target of 500,000 new customers annually in line with vision 2030.

1.2 The Research Problem

The cornerstone of any business success in the dynamic environment is the company effectiveness in managing the change. To take advantage of strategic opportunities and address problems, companies have to implement effective change management programmes to their business processes, products, and/or to the organization itself.

Literature contains numerous documentations of company failure while implementing change management programmes. For example, in the context of Business Process Re-engineering projects, 70 percent have been estimated to end in failure (Cafasso, 1993). Nevertheless, company ability to effectively manage change is widely proposed as essential for organizational competitiveness. Thus, the effectiveness in managing business change is directly related to company performance.

For instance, Atembe (1976) studied the problems of workers participation in management, while Lijungu (1976) studied the industrial relations and personnel management in Kenya. (Gekonge,1999; Bwibo,2000; Mbogo,2003; Rukunga,2003) carried out studies on Change Management practices in Kenya targeting various companies including Non-Governmental organizations, firms listed in the stock exchange and specific firms such as Kenya Commercial Bank and Nairobi Bottlers. Nyororo (2006) studied strategic change management and performance of National Social Security Fund (NSSF) and observed that change management efforts were planned and had a clear line which has positively impacted on the performance of NSSF.

Atebe (2001) did a study on the effect of Business Process Re-engineering on business process cycles at KPLC, Albert (2006), did a study on strategic change practices in KPLC, Irene (2006), did a study on the response of KPLC to change management, while Muriithi (2007), did a survey of staff attitudes towards adoption of ISO 9000 certification in KPLC.

From the above, so much has been done on change management practices but there has not been a study on employee perception of the influence of change management practices on performance especially at KPLC. This study will therefore seek to fill the gap in the body of knowledge by determining the employee perception of change management practices adopted by KPLC. It also seeks to establish the influence of change management practices to organisation performance. The study will be guided by the following study question: What is the employee perception of influence of change management practices on performance at Kenya power & Lighting Company Limited& Lighting Company Limited?

1.3 Objectives of the Study

i. To determine employee perception of strategic change management practices adopted by KPLC

ii. To establish the influence of change management practices on performance of KPLC.

1.4 Value of the Study

To the academicians the study will provide a useful basis upon which further studies on effectiveness of change management programmes in organisations could be conducted. It will also provide insight into the effectiveness of the change management practices to performance in real practice.

The study is invaluable to the KPLC management in that it will provide an insight into the various approaches towards change management practices and how such practices could be used effectively for a competitive advantage. The government ministries and agencies will make use of this study, as it will provide complementary knowledge useful in formulation of policy and a regulatory framework on change management in state corporations in Kenya.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the past study on the factors influencing change management practices and ways of evaluating change management and performance in organizations. The specific areas covered here are change management practices, factors influencing changes management, challenges of implementing change and methods used in evaluating change in organisations.

2.2 The Concept of Strategy

The top management of an organization is concerned with the selection of a course of action from among different alternatives to meet the organizational objectives. The process by which objectives are formulated and achieved is known as strategic management and strategy acts as the means to achieve the objective. Strategy is the grand design or an overall 'plan' which an organization chooses in order to move or react towards the set of objectives by using its resources. Strategies most often devote a general programme of action and an implied deployed of emphasis and resources to attain comprehensive objectives. An organization is considered efficient and operationally effective if it is characterized by coordination between objectives and strategies. There has to be integration of the parts into a complete structure. Strategy helps the organization to meet its uncertain situations with due diligence. Without a strategy, the organization is like a ship without a rudder. It is like a tramp, which has no particular destination to go to. Without an appropriate strategy effectively implemented, the future is always dark and hence, more are the chances of business failure.

The word ‘strategy’ entered in the field of management from the military services where it refers to apply the forces against an enemy to win a war. Originally, the word strategy has been derived from Greek, ‘strategos’ which means generalship. The word as used for the first time in around 400 BC. The word strategy means the art of the general to fight in war. In 1960’s, Chandler made an attempt to define strategy as “the determination of basic long term goals and objective of an enterprise and the adoption of the courses of action and the allocation of resources necessary for carrying out these goals”

The dictionary meaning of strategy is “the art of so moving or disposing the instrument of warfare as to impose upon enemy, the place time and conditions for fighting by one self” In management, the concept of strategy is taken in more broader terms.

According to Glueck, “Strategy is the unified, comprehensive and integrated plan that relates the strategic advantage of the firm to the challenges of the environment and is designed to ensure that basic objectives of the enterprise are achieved through proper implementation process”

The purpose of strategy is to determine and communicate a picture of enterprise through a system of major objectives and policies. Strategy is concerned with a unified direction and efficient allocation of an organization’s resources. A well made strategy guides managerial action and thought. It provides an integrated approach for the organization and aids in meeting the challenges posed by environment.

2.3 Strategic Change Management Practices

There are a number of aspects used to explain how change takes place; time and space being the main ones. The inter-subjective nature of change and the manner in which temporal and spatial form of thought arise as a result of experience is a view that has been expressed in the organization studies discourse – a recent example comes from Cairns et al. (2003) who proposed that space and time can be understood as an arrangement of symbolic and expressive markers, evoking sensations, thoughts and memories amongst the actors that experience them.

In a further fragment Cairns et al. (2003) gives some glimpses of different conceptions of space and time including the advancement of Foucault's (1994) notion of heterotopia in which a workplace might be thought of as both tangible and intangible, fixed and floating in time and space, good and bad, and enabling and controlling(Cairns et al., 2003). The recent discourse about postmodernity has ushered in a heightened questioning of the common understanding of time and space as being simple a priority for change and categories as though they are fixed, immutable absolutes and knowable entities. Harvey (1989), in his tome: The Condition of Postmodernity, stated that the pace of life is such that there has been a “time-space compression” and as a consequence we now live in a world characterized by fragmentation, insecurity, and the ephemeral. Indeed, recently we have suggested (Carr, 2006) that the contemporary age is one characterized by a fetish with speed where there is a time-space compression in which cultural texts and realities are conveyed in such a manner that they displace critical reflection and may often result in a psychological state of stimulus entrapment.

Internalization of management-derived and sanctioned beliefs, norms and values, in the sense that they become part of the change management practices; thereby they develop into moral obligations (moral involvement) that impel autonomously particular forms of behavior (Johnson and Gill, 1993, cited in McAuley, 2007). Although a contingency approach to organisational change has encouraged practitioners to consider aspects of their environment, technology and size as a basis for deciding on the appropriate paths of change, it delineates deterministic assumptions about the nature of change in organisations, presents inadequate appreciation of the role of strategic choice, beliefs and power and neglects the fact that organisations are collections of diverse interests (Dawson, 1996)

2.4 Factors Influencing Change Management

Factors affecting change management practices are; need for competence and improvement of internal communication. In his best selling book Stewardship, Peter Block describes the traditional values that have been the centerpiece of traditional, patriarchal organizations: control, consistency and predictability. These values dictate that decision-making is at the top, leaving the execution and implementation to the middle and bottom layers of an organization. The evolution from the traditional values of control, predictability and consistency – values that made change relatively simple to implement – to the new values focused on accountability, ownership and empowerment have made the implementation of business change more difficult. In many ways, Peter Block’s advocacy for this shift has come true. Employees have been taught to question, analyze their day-to-day activities, and are rewarded for doing so.

Discussing the language of organization, Chia and King (2001) noted that the nature of language and the significance and potential of linguistic analysis is often misunderstood. At an everyday level, they warn against a tendency to think of language in representationalist terms. Thus they note that orthodox forms of (managerialist) organization studies tend to view language as a medium of representation and linguistic analysis as a tool, which may be employed to improve the effectiveness of organizations (Westwood and Linstead, 2001). Viewed in these terms, as a medium of representation, language is to be regarded as problematic insofar as the use and mis-use of language causes blockages in organizational communication, which in turn limit or

2.5 Challenges Affecting Change Management Practices

There is evidence to suggest that the universal, prescriptive model of change management is inadequate to describe the diversity of approaches actually used by organizations Chapman (2005). Some seek to restrict the meaning of change management to the felt need to improve organizational performance and members' own position within the organization (Goodstein and Burke, 1991). Dawson (1996) has discussed the limitations of adopting such a simple definition of change. She sees conflicting interests and resistance as some of the barriers to achieving the desired results in the felt need for change.

In contrast to the rational-linear view embedded in the traditional approach to change, there are those who perceive change management as a systemic process incorporating systems of interpretation and meaning (Hassard, 1991; Knights and Willmott, 1995). This view is particularly important, as it emphasizes the social aspects of exchange through which the locus of knowledge and the understanding of "real" things is subjectively shared and shaped by individuals through conversation and dialogue. What is seen as real is made real through sense-making processes (Weick, 1995), and "the social world is best understood from the viewpoint of the participant-in-action" Hassard (1991); and in Hammond (1996) on "appreciative inquiry" where the organization is seen as a mystery to be embraced). In an empirical sense, this perception of change management reflects the management of processes through liberal exchange of knowledge, building of trust and acknowledgement of the heterogeneity in values, preferences and interests.ganizational effectiveness and the achievement of planned change.

2.6 Change Management and Strategic Intent

Many leading global companies started with ambitions that were far bigger than their resources and capabilities. They created an obsession with winning at all levels of the organization and then maintained that obsession in the quest for global leadership. This obsession is what Hamel and Prahalad (1989) refer as strategic intent. Strategic intent envisions a desired leadership position and establishes the criterion the company will use to chart its progress, forcing the company to compete in innovative ways. Hamel and Prahalad (1989) add that strategic intent is more than unfettered ambition. The concept encompasses an active management process that includes focusing the organization's attention on the essence of winning, motivating people by communicating the value of the target, leaving room for individual and team contributions, sustaining enthusiasm by providing new operational definitions as circumstances change, and using intent consistently to guide resource allocations. Strategic intent therefore does embody the most crucial issues for guiding change management as mentioned previously.

What does strategic intent entail? Hamel and Prahalad (1989) are of the view that strategic intent captures the essence of winning by guiding the subsequent strategic decisions. It is stable over time, providing consistency to short term action, while leaving room for reinterpretation as new opportunities emerge. Strategic intent sets a target that deserves personal effort and commitment. The target so set has a motivational impact and gives employees a corporate challenge and goal worthy of commitment.

2.7 Employees Perception of the Change Effort

As already intimated change management is an important undertaking for any manager/leader. Whether change is introduced in the organization as a continuous process, or as transformation, it would affect organizational culture and in essence; the employees upon whom the organization depends to effectively manage the change process.

Change can be seen as developmental – meaning to make a successful situation more successful; for example to expand the amount of customers served. Different writers in organizational change management have used different terms to describe the notion of "continuous" change process. Armstrong (2005: 318) defines organizational development as a planned systematic process in which behavioral science principles and practices are introduced into an ongoing organization towards the goals of effecting organizational improvement, greater organizational competence, and greater organization effectiveness. It is concerned with the planning and implementation of programmes designed to enhance the effectiveness with which organizations function and respond to change.

According to this framework change can be effectively and efficiently introduced if organizations plan for, divert resources to, and implement four sets of interlocking processes. The model implies managing the four "layers" of change – *trigger, vision, conversion* and *maintenance renewal*. In terms of the trigger layer it is necessary to understand what is causing a need for change in the organization. These triggers are expressed clearly and communicated throughout the organization. After the trigger has been clearly recognized and expressed, it is also a requirement that organization's management define the future. This is the vision layer – the expression of where the organization intends to go.

Organization transformation is the process of ensuring that an organization can develop and implement major change programmes by responding strategically to new demands and continue to function effectively in the dynamic environment in which it operates. It denotes fundamental change in organizational structure and nature of doing business. Most future growth in organizations will result from successful development projects that generate new products, services, or procedures. Such projects are also a principle way of creating organizational change.

Beckhard (1989) has identified four types of transformational change in organizations. These are first; change in what drives the organization - like change from being production-driven to being market driven, secondly a fundamental change in relationships such as decentralization; third - a major change of doing work like adopting computerized systems and fourthly a basic change in culture for example developing a customer focused culture.

Organizational transformation can be managed well if the process of change is introduced as a one-off project.

Pinkerton (2003) sees the process of introducing change in organizations as a re-engineering project that requires detailed planning to precede organizational redesigning and execution, just like any other project. But most organizations are structured according to rules, policies, and procedures along the Weberian "ideal" model resulting into highly specialized functional units. Change means adjusting the existing organizational patterns. This becomes difficult because the existing behavior is institutionalized and adherence to it is rewarded. Again in a bureaucracy no one takes responsibility for the whole organization but only to assigned duties, yet change management demands process ownership.

2.8 Organization Performance

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives).

The Oxford Dictionary defines performance as the act of performing; of doing something; using knowledge as distinguished from merely possessing it, and any recognized accomplishment. Thus, 'performance' can refer to either the 'ends' (results) or the 'means' (actions) that produced the ends. Ends performance (e.g. profit) is necessarily historic in nature because it occurs before being reported. Means performance (e.g. production rate) describes current processes at the time of reporting. Ends performance is, in effect, a later indication of the success or otherwise of previous means performance.

According to Richard et al. (2009) organizational performance encompasses three specific areas of firm outcomes: (a) financial performance (profits, return on assets, return on investment, etc.); (b) product market performance (sales, market share, etc.); and (c) shareholder return (total shareholder return, economic value added, etc.). The term Organizational effectiveness is broader. Specialists in many fields are concerned with organizational performance including strategic planners, operations, finance, legal, and organizational development.

In recent years, many organizations have attempted to manage organizational performance using the balanced scorecard methodology where performance is tracked and measured in multiple dimensions such as: financial performance (e.g. shareholder return), customer service, corporate social responsibility (e.g. corporate citizenship, community outreach), and employee stewardship/welfare.

However, each stakeholder group is interested in a different view of performance, so the organisation has to cater to each view. A philosophical and universal view of organisational performance refers to its ability to attract and retain the appropriate mix and quality of stakeholders. It can only do this by showing its progress against its past performance.

Full assessment of performance looks at not just the annual financial report, but also at a number of other performance concerns: The extent to which the strategic plan was done, the extent to which the strategic plan was successful, the extent to which the strategic plan was followed The extent to which stakeholder groups are satisfied, the extent to which resources have been divided between current and future needs, Strategic advances in climate, culture, and member development.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the method employed to collect data, analyse data and present the data. The specific areas of coverage include; research design, population, sample selection, data collection, data analysis and presentation.

3.2 Research design

This research exercise used cross section survey design in collecting primary data. This form a class of research methods that involve observation of all of a population, or a representative subset, at one specific point in time with an aim to provide data on the entire population under study.

3.3 Population of the study

The study targeted managers of Kenya Power. The targeted population was senior and middle level managers totaling to 1,200 employees. These employees are spread across the country in administrative units called regions.

3.5 Sample selection

Kenya power & Lighting Company Limited is structured into units called regions namely Central, Nairobi, Coast, Mount Kenya and West Kenya regions. These regions were randomly chosen to three for the purpose of the study.

The chosen region are not homogeneous, a stratified sampling technique was used on the chosen region to obtain the most accurate and representative samples. The sample followed the equation x/n*s (where x is the number of managers in a region, n is the total population for the sample and s is the sample size targeted for the research)

The sample was 120 respondents of the total population size.

3.6 Data Collection

Primary data was collected using structured questionnaires issued to the respondents. The method was chosen as it is a positivist research method. It includes the low level of involvement of the researcher and high number of respondents. Secondary data sources was employed through the use of previous documents or materials to supplement the data received from questionnaires and interviews.

3.7 Data Analysis and Presentation

This research exercise generated both quantitative and qualitative data. Quantitative data was analyzed as frequency, percentages, means, medium and standard deviations under the corresponding objectives. Qualitative data was analyzed as summary of responses under thematic issues responding to the objectives. In some cases, the qualitative data was used to explain the quantitative data analyzed.

Quantitative data was presented in form of the following outputs; bar graphs, pie-charts and tables, among others. Qualitative data was presented as themes and sub-themes in cases where they are not used to explain quantitative findings.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

The research objective was to determine the employee perception on the strategic change management practices adopted by Kenya Power & Lighting Company Limited and to establish the influence of change management practices on performance of Kenya Power. This chapter presents the analysis and findings with regard to the objective and discussion of the same.

The target population of this study was all managers of Kenya Power and a sample of 120 managers from the company was targeted. However only 94 out of the total target sample responded and this forms the basis of the findings presented in this report. The findings are presented in narratives, charts and tables.

Out of the 120 questionnaires that were issued to the respondents, 94 of them were fully completed and returned. This represented a response rate of 78.33%, which was considered adequate enough for the analysis of the study.

4.2 Employee Perception

The respondents were asked to describe the operating environment at KPLC. The results are presented in table 4.2.1 below.

Table 4.2.1: KPLC Operating Environment

Description of Kenya Power operating environment	**Frequency**	**Percent**
stable	56	60%
Turbulent	34	36%
Very turbulent	**4**	**4%**
Total	**94**	**100**

As shown in Table 4.2.1above 60% of the employees felt that the operating environment was stable, 36% percent felt that it was turbulent. The remaining 4% felt that the situation in KPLC is very turbulent.

Further, the respondents were asked to describe how KPLC reacts to the business environment. The results are as shown in Table 4.2.2 below

Table 4.2 2: The way KPLC reacts to business environment

How KPLC reacts to business environment	Frequency	Percent
Proactively	23	24%
Reactively	45	48%
In-between	22	24%
Others	4	4%
Total	**94**	100%

According to the results in the Table 4.2.2 above, majority of Kenya Power's employees (48%) felt that KPLC responds reactively to its business environment as opposed to proactively (24%).

The respondents were also required to indicate the forces that necessitated changes at KPLC.

Table4.2 3: Forces of change

Forces that necessitated change	**Frequency**	**Percentages**
Entrance of competition	53	56%
Core business inertia	19	20%
Change in customer needs and preferences	7	8%
Deregulation	7	8%
Globalization	7	8%
Total	**94**	100%

From above Table 4.2.3, 56% of the employees believe that entrance of competition was the major reason why Kenya Power necessitated change while 20% of them believe that core business inertia was the reason that led to it. Therefore there is need for KP to ensure that its employees know of the other forces behind the change process so as to easily embrace its objectives.

The employees were required to list the change management practices that had been adopted by KPLC.

Table4.2. 4: Change management strategies adopted by KPLC

Change management practices adopted by KPLC	Frequency	Percent
Re-branding	19	20%
Performance contract	11	12%
Coming up with a charter for service delivery	11	12%
Promotion based on merit	8	8%
A belief in customer first	4	4%
By training staff	4	4%
Awakening	4	4%
Change of installed meters to prepaid metering which helps customer management of resources	4	4%
Decentralization of operations	4	4%
Project Mwangaza where social media was used	4	4%
Strategic focus from technical related to customer focus	4	4%

As per the Table 4.2.4 majority of employees responded that change management practices adopted by Kenya Power were mainly seen in re-branding (20%), performance contracts (12%) and coming up with a charter for service delivery and promotions based on merit (12%).

The respondents were also required to indicate which stakeholders they felt had initiated the change management efforts in their company. The findings were as shown in the Table 4.2.5 below:

Table 4.2.5: Stakeholders who initiated Change Management Practices

Stakeholders who initiated change in KLC	Percent
Senior management	56%
Board of Directors	48%
CEO	36%
Others	20%

As per the Table 4.2.5 above, majority of the respondents 56%, felt that senior managers at KPLC were the most vocal in the change management effort followed by the Board of Directors 48%. 20% of the of the respondents also felt that there were other stakeholders involved such as the workers union.

In order to know what the change management process has affected at Kenya Power, the respondents were asked to rate their opinions on the given sectors using a 5 point scale with 1 being most affected and 5 being least affected.. The mean scores and standard deviation for each sector were computed and summarized as here below as Table 4.2.6

Table 4.2. 6: Effect of Change Management Practices on Processes

Effects of change management Process	Mean	Std. Deviation
Products	3.04	1.31
Behavior	2.64	1.47
Systems	2.6	1.22
Structure	2.48	1.42
Processes	2.48	1.33

The findings in the Table 4.2.6 above indicated that all the sectors had a mean ranking of 2.48 to 3.04 which implied that majority of the respondents felt the given sectors were affected averagely and so there is still room for more to be done.

The employees were required to indicate how engaged they were in the change management practices. The results were as shown below in Table 4.2.7

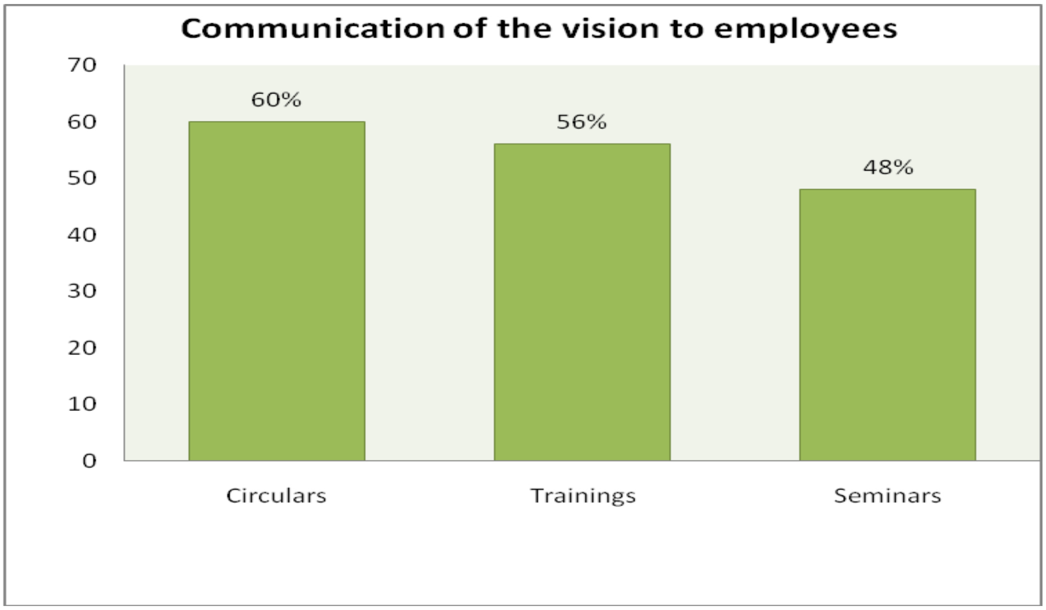
Table 4.2.7: Level of Employee engagement in Change Process

Level of employee engagement	**Frequency**	**Percent**
Selected few engaged	**56**	**60%**
Very engaged	**30**	**32%**
Not engaged at all	**8**	**8%**
	94	**100%**

From the above Table 4.2.7, 60% of the employees felt that only a selected few were engaged in the change management practices while 8% felt that the employees were not engaged at all.

Further, employees were required to indicate how the vision developed from the change management process was communicated to them.

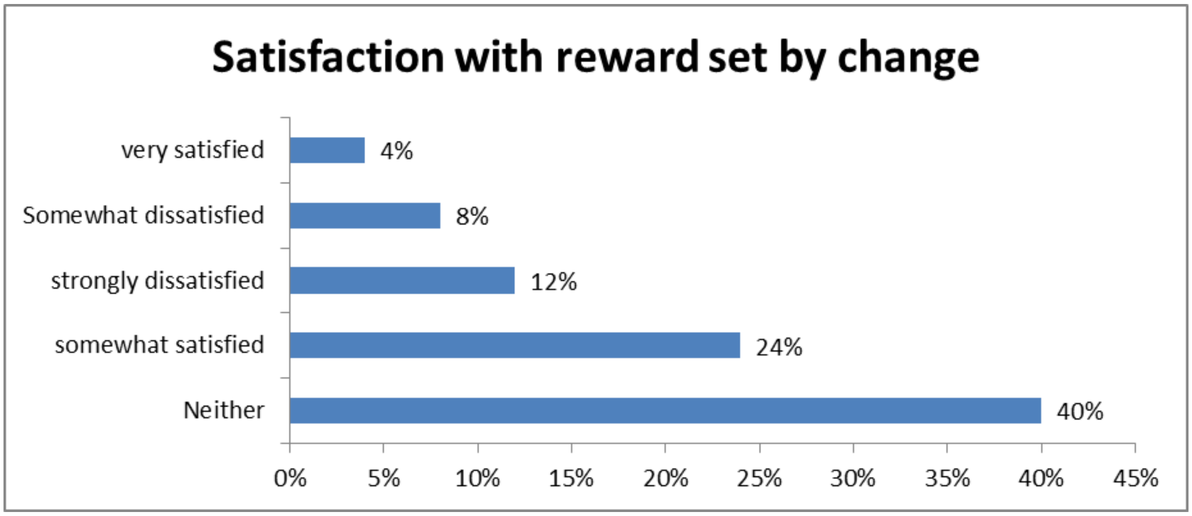
Figure 4.2. 1: Vision Communication Channels



According to the Figure 4.2.1 above, the vision developed was communicated mostly through circulars (60%), trainings (56%) and finally through seminars (48%) as displayed in figure 8 above.

The respondents were asked to rate the way Kenya Power rewards its employees who meet the targets set by the change practices. The results are shown here below in figure 4.2.2:

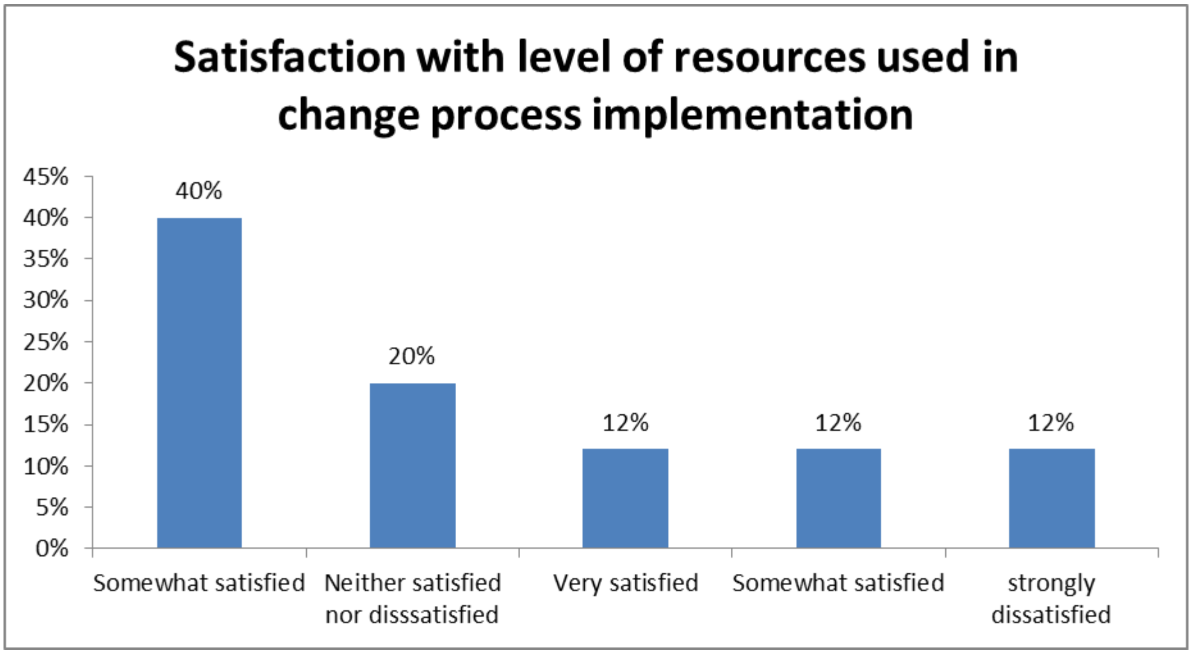
Figure 4.2.2: Employee Satisfaction levels



This was done by measuring the respondent's perceptions that reflected there satisfaction rates with the rewarding system of Kenya Power. According to the information in Figure 4.2.2 above, 28% of the respondents were satisfied with the rewards given by KPLC while 40% were neither satisfied nor dissatisfied. Kenya power is generally perceived to be rewarding its employees satisfactorily.

The Employees were required to rate their satisfaction with the level of resources used to implement the change process. The findings are as shown below as Figure 4.2.3

Figure 4.2.3: Satisfaction Level on Resources used in the Change Process



The figure 4.2.3 above 52% of the employees felt satisfied with the level of resources that Kenya Power used in implementing the change process while the 24% felt dissatisfied. The remaining 20% neither felt satisfied nor dissatisfied implying that there is still need for more to be done in order for the company to fully gain the confidence of its employees in this sector.

The respondents were required to rate how they viewed the change management process.

The results are as tabulated here below as Table 4.2.8

Table 4.2.8: Change Management Process

How the employees view Kenya Power change process	**Frequency**	**Percent**
Top- bottom	64	68%
Bottom- up	15	16%
Consultative	15	16%
Total	**94**	**100%**

The findings presented above in table 4.2.8 show that, 68% of the employees interviewed viewed the change process of Kenya Power as being from top – bottom while those who viewed it as either consultative or from bottom – up were 16% in each case.

When researching on the general reputation and attributes of Kenya Power, we asked the employees to rate them in order for us to understand there perception towards these attributes.

The mean scores and standard deviation for each sector were computed and summarized below in Table 4.2.9

Table 4.2.9: KPLC Attributes and Perception

Attributes	**Mean**	**Std. Deviation**
The culture of KP has greatly changed after the change process	3.56	1.04
The change process has greatly improved service delivery at KP	3.52	1.08
The change process was accepted by all cadre of staff in KP	3.36	1.19
Efficiency in disseminating information has accelerated the change process.	3.32	1.49
It takes less time now to connect new customers	3.32	1.14
There is a high level of integrity in all transactions by KP	3.28	1.21
Goes an extra mile to fulfill its stakeholders needs and supporting economic needs after the change process	3.24	1.16
KP has a long standing reputation in leadership	3.2	1.32
It's a prestigious company to be associated with.	3.16	1.03
Customers are now more satisfied after breakdowns.	2.68	1.07
KP operates like a monopoly hence no need for change	1.48	0.92

The findings above in Table 4.2.9 shows that majority of the respondents neither agreed nor disagreed with all the attributes apart from the point of Kenya Power operating as a monopoly.

4.3 Kenya Power & Lighting Limited Performance

In an attempt to establish how positively the changes impacted on the performance indicators of Kenya Power, employees were required to assign weights to various performance indicators of the organization. The indicators are; Customer satisfaction, Employee welfare, Stakeholders interest, Profitability, Market share and Return on investment.

The weights attached to each of the above factors shows the ranking in terms of the most positive to the employee.

Table 4.3.1: KPLC Performance Indicators

How positively the changes have impacted on the Performance indicators of KP	mean
Profitability	3.08
Stakeholders interest	3
Return on investment.	2.84
Market share	2.76
Employee welfare	2.24
Customer satisfaction	2.2

Findings above as Table 4.3.1 show that, profitability was the most positively impacted factor with the mean of 3.08 followed by stakeholders' interest at 3.0 while customer satisfaction and employee welfare are ranked as the least positively impacted with mean values of 2.2 and 2.4 respectively.

The employees were required to rate the visible benefits that they had realized from the change management practices.

Table 4.3.2: Employees Benefits

Visible benefits realized by employees from the change management practices	**Mean**
Remuneration	2.2
Allowances	2.64
Increased morale	2.72
Training	2.84

According to the employees' ratings as shown in above in table 4.3.2, the most visible benefit that they benefited from the change practice was in remuneration followed by allowances, increase in morale and finally in training .

The respondents were required to indicate the major benefits obtained by Kenya Power & Lighting Company Limited from the change management practices. The responses were as follows below in Table 4.3.3

Table 4.3.3: KPLC Benefits from Change Process

Benefits realized by KP from change management Practices	**Mean**
Profitability	2.64
Prestige	3.12
Share appreciation	2.68
Improved customer rating	2.96
Increased sale volume	2.92

CHAPTER FIVE: SUMMARY CONCLUSIONS RECCOMMENDATIONS

5.1 Introduction

This chapter summarizes the findings of the research based on the research objectives and the research questions. It also gives the conclusions derived from the findings. Finally, this chapter highlights the recommendations that the researcher provides to the management of Kenya Power and its stakeholders.

5.2 Summary of findings

The main objective of this study was to determine the employee's perception to the effectiveness of the change management practices on performance at Kenya Power. The study showed that the change management practices in Kenya Power were necessitated by entrance of competitors and inertia in the core business. The study yielded that the major change practices adopted were re-branding, introduction of performance contracts to employees and also the development of a service charter.

According to the study the change management process has mostly affected the company's products and employee behavior. The employees felt that the impact of the change process could be noted positively on profitability and stakeholders' interest. They also noted that employee welfare and customer satisfaction were not taken keenly in the change process. The study also shows that the employees felt that the senior managers and C.E.O actively participated in the change effort.

5.3 Conclusions

The findings show that the employees felt that the change management process at Kenya Power was mainly initiated by the company's Senior Management, Board of Directors and the CEO. This led to a key weakness being seen in the lack of inclusiveness by the other stakeholders of the company in there contributions to the change management process.

Like most companies around the world, Kenya Power offers various services to its stakeholders. The findings indicated that the features under study that were most positively affected by the process included profitability and stakeholders' interest. Those that were least affected included customer satisfaction and employee welfare.

This survey also revealed that the level of benefits gained from the change management practices as felt by its employees is average in almost all sectors. Remuneration was perceived to be the most realized benefit by employees. It was followed by the benefit in allowances, then an increase in morale and finally in training. It also shows that Kenya Power has generally benefitted from the strategic change management practices with profitability being the biggest benefit.

5.4 Limitations of the study

The total response rate: Not all respondents issued with questionnaires were able to fill them and submit. To overcome this limitation was the confidentiality of the information that was given them with the emphasis that the study was an academic project.

The employers' perceptions: The management of Kenya Power felt that the study would expose the company's strategy on its future to outsiders and its competitors as well.

Hostile respondents. Some employees of Kenya Power who were given the questionnaires were not willing to give responses

5.5 Recommendations

5.5.1 Recommendations with policy indications

The study found out that major internal processes in KPLC were affected averagely by the change process. Most of these processes affect the business and in deed the service delivery of the Company. For the company to play its role in the Kenya Vision 2030 and realign with new constitution which guarantee service delivery to all Kenyans, the company needs to improve on these ratings.

Findings also indicated that the change management process at Kenya Power & Lighting Company Limited was positively impacting on the performance indicators in terms of profitability and stakeholders' interest. However, in terms of customer satisfaction and employees welfare, it is recommended that more need to be done for the company to achieve its objectives from the change process which moves from technical orientation to customer focus.

5.5.2 Recommendations for further research

The study found out that the strategic change management practices have impacted positively to the performance of Kenya Power & Lighting Company Limited and the employees perceive them to be successful, however, the study recommends further research on the impact of the strategic change management practices on the Kenya Power brand recognition.

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Appendix 1:

QUESTIONAIRE

I am carrying out an academic research project titled: *Employee Perception on strategic change management practices and performance at Kenya Power & Lighting Company*. I am selecting respondents randomly and I would appreciate if you would respond to the following questions. Your response will be treated confidentially and used for academic purposes only. 0

Part A:

Please indicate you're:

1. Title …………………………………………………………………………………………………..
2. Division/ department ……………………………………………………………………………
3. Experience…………………………………………………………………………………………..
4. The number of staff under you ………………………………………………………………..

Part B: Employee perception

5. How would you describe KPLC operating environment? (Please tick)
   - Stable
   - Turbulent
   - Very turbulent
   - I don't know
6. How does KPLC react to business environment? (Please Tick the most appropriate)
   - Proactively
   - Reactively
   - In – Between
   - Others (Please specify)…………………………………………………..
7. What forces necessitated change at KPLC?
   - Entrance of competitors………………..
   - Change in customer needs and preference…………………
   - Deregulation………………..
   - Core business inertia……………………..
   - Globalization……………………..
8. Please name the change management practices adopted by KPLC?
   ………
   ……………..
9. Who initiated the change management effort in KPLC? (Tick more than one if possible)

- Board of Directors ………………………………………………………………………………..
- CEO ………………………………………………………………………………………………………
- Senior Management ………………………………………………………………………………..
- Others (Please specify) ………………………………………………………………………….

10.What has the change management process affected? (1 – most affected to 5 least affected)

	1	2	3	4	5
Structure					
Systems					
Behavior					
Processes					
Products					

11.Kindly indicate the level of employee engagement in the change management practices

	Please tick
Very engaged	
Not engaged at all	
Selected few engaged	

12.Was a vision developed? If yes how was communicated to all the company employees?

	Please tick
Seminars	
Circulars	
Trainings	
Don't know	

13.How do you rate the rewards to the employees who meet the targets set by the change practices? Please indicate

- -- Very satisfied
- -- Somewhat satisfied
- -- Neither
- -- Somewhat dissatisfied
- -- Strongly dissatisfied
- -- Don't Know
- -- No response

14.Are you satisfied with level of resources used to implement the change process? (Please indicate below?

- ○-- Very satisfied
- ○-- Somewhat satisfied
- ○-- Neither satisfied nor dissatisfied
- ○-- Somewhat dissatisfied
- ○-- Strongly dissatisfied
- ○-- Don't Know
- ○-- No response

15. How do you think the company employee's view the change process (tick the most appropriate)?
    - Top – bottom ………………………..
    - Bottom – up …………………………..
    - Consultative …………………………..
    - Others (specify)………………………………………………………………………….

16. Thinking of Kenya Power general reputation and attribute, kindly circle the most appropriate answer

Attribute rating	**Totally disagree**	**Slightly Disagree**	**Neither Agree nor Disagree**	**Slightly Agree**	**Totally agree**	
Kenya Power has a long standing reputation and leadership	1	2	3	4	5	
Kenya Power operates as a monopoly hence no need for change process	1	2	3	4	5	
The change process has greatly improved service delivery at Kenya Power	1	2	3	4	5	
The culture of Kenya Power has greatly changed after the change process	1	2	3	4	5	
Customers are now more satisfied after breakdowns	1	2	3	4	5	
It takes less time now to connect new customers	1	2	3	4	5	
There is a high level of integrity in all	1	2	3	4	5	

transactions by Kenya Power						
The change process was accepted seamlessly by all cadre of staff in Kenya Power	1	2	3	4	5	
Efficient in disseminating information has accelerated the change process	1	2	3	4	5	
Goes an extra mile to fulfil its stakeholder needs and supporting economic needs after the change process	1	2	3	4	5	
It is a prestigious Company to be associated with	1	2	3	4	5	

Part C: performance:

17 How positively have the changes impacted on the following performance indicators of the organisation (where 1 is least positive and 5 is most positive)

a. Customer satisfaction ……………………………………..
b. Employee welfare ……………………………………………
c. Stakeholders interest ………………………………………..
d. Profitability …………………………………………………………
e. Market share ……………………………………………………….
f. Return on investment ………………………………………...

18 Rate the visible benefits employees realized from the change management practices? (1 – most benefit to 5 least benefit)

	1	2	3	4	5
Remuneration					
Increased morale					
Allowances					
Training					

19 Rate the benefits the company realized from the change management practices? (1 – benefit to 5 least benefit)

	1	2	3	4	5
Profitability					
Prestige					

Share appreciation					
Improved customer rating					
Increased sale volume					

Thank You.