

**STRATEGIC INNOVATIONS AND PERFORMANCE OF KENYA
POWER AND LIGHTING COMPANY LIMITED**

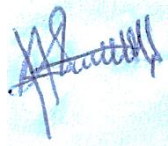
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**A RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF
THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION,
FACULTY OF BUSINESS AND MANAGEMENT SCIENCES,
UNIVERSITY OF NAIROBI**

2021

DECLARATION

I hereby declare that this research project is my original work and has not been presented in any other institution.

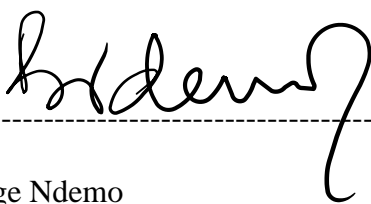



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This research project has been submitted for examination with my approval as the University supervisor.

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DEDICATION

This research project is dedicated to my dad Nicholas Kosgey, my mum Rebecca Kosgey, my wife Joan Rono and all my children who have been a source of inspiration to me in the various stages of the research work.

ACKNOWLEDGEMENT

My deepest thanks go out to Prof. Bitange Ndemo, my university supervisor, for his guidance, inspirational comments, and observations throughout this process. His constructive comments and useful suggestions are much appreciated. At the University of Nairobi, I would want to thank all of my fellow students and professors who have contributed to my learning and helped me to achieve success throughout the years. I also express my gratitude to my family, friends, and co-workers, whose encouragement has enabled me to go this far in the academic process. I thank them for their help and encouragement.

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ABBREVIATIONS AND ACRONYMS

EAP&L	East African Power and Lighting
GDC	Geothermal Development Company
KETRACO	Kenya Electricity Transmission Company
KPLC	Kenya Power and Lighting Company
OECD	Organization for Economic Cooperation and Development
RBV	Resource Based View
SME	Small and Medium Enterprise

ABSTRACT

Changes in the business environment are characterized by high levels of competition. Changing customer's behaviour, high firm operational costs and inadequate resources are some of the other challenges that face most firms. Firms have to change with the customers to retain the business relationship. Innovation is basically one of the critical measures to stay relevant and survive for companies. KPLC has embraced strategic innovations that assist the corporation have enhanced system management that protects income by decreasing the power theft, as well as ensuring quality supply through rapid supply restoration, load control, and cost reduction. This study was based on two theories, theory of resource based view and disruptive innovation theory. The objective of the research was to establish the effect of strategic innovations on performance of KPLC. The research adopted a case study approach and an interview guide was used for collection of data. Content analysis was used to analyze data which was qualitative in nature. The study established that KPLC has been able to obtain a better knowledge of the consumer by providing them with tailored goods or services that may directly meet their requirements in key areas via close customer connection. It was also established that system robotization, prepayment systems, automatic meter reading systems, advanced metering infrastructure and billing systems have an effect on the firms' performance. The study concludes that innovations employed by KPLC specifically Smart Meter Technology and billing technology have been embraced by its target customers due to their efficiency and value addition. The study recommends that the management of KPLC should continue undertaking various strategy innovation since the strategies complement each other and their use enhances performance. The study also recommends that the management of KPLC should invest more resources in innovation as the costs do not adversely affect the firm competitiveness as they are usually incorporated in the final product.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Firms' performance is considered to benefit from strategic innovations. As stated by Jin, Hewitt, and Thompson (2014), strategic innovation looks for new growth possibilities and improves corporate performance. Kuratko (2015) argued that strategic innovation guides in the identification of new streams of income and in creating sound growth strategies. Strategic innovation involves searching for creative methods to exploit new opportunities (Kaplan & Palmer, 2017). According to Kim and Mauborgne (2015), strategic innovation is critical to an organization's ability to combat competitiveness through generating more long-term value. They claim this may be achieved by building superior enterprises and innovative business propositions that remove rivals.

On the basis of theories developed to explain how organizations use innovative methods to enhance their performance, the research was conducted. Disruptive innovation theory and resource-based vision theory lead the study. Research shows that the qualities of resources deemed to have long-term competitive advantages over their competitors are brought about when companies innovate by either establishing a new market or improving on current items, or destroying an existing market and creating a new one (Barney, 1991). Natural principles that use disruptive technology to develop modern markets as well as products are crucial in attaining success, according to disruptive innovation theory (Oppong, 2014).

This study was based on the argument that strategic innovations have become a key driver in KPLC performance. KPLC has embraced strategic innovations that are said to help the corporation have enhanced system management, that protects income by decreasing power

theft, as well as ensuring quality supply through rapid supply restoration, load control, and cost reduction. Strategic innovations are capable of managing the generation as well as power cable transmission, as well as the generation of power that can be utilized for operation as well as supply restoration to readings collection. Some of the strategic innovations at KPLC include smart meter, billing, E-payment and management information system.

1.1.1 Strategic Innovations

As defined by Palmer and Kaplan (2016), strategic innovation is an all-encompassing approach that utilizes business strategy, customer insights, and strategic alignment as a foundation for new product development to assist a company meet its goals. The process therefore involves use of new business models that change the game while creating superior value to consumers, and the company. Strategic innovation has been used as a mechanism to an end though not the end itself. Globalization, volatility in client needs, competitiveness, and technical improvements are examples of external environment dynamics that have produced ongoing environmental upheavals and necessitate more strategic viewpoints from executives (Thompson & Strickland, 2013).

Strategic innovation may also be defined as the value for clients creation, the entry into new markets, and the description of existing markets, and the enhancement of the value of services and goods to clients (Gebauer, Worch & Truffer, 2011). As a growth technique, strategic innovation aims to break into modern markets, share market increase, as well as provide a company a competitive advantage via employing strategies that are diverse from the competition. The rising competitiveness in international marketplaces has compelled

firms to acknowledge the strategic innovation essence as the business environment changes and traditional services as well as products lose value (Nbakk & Jensen, 2013).

Various strategic innovations can be incorporated into business plans to provide outcomes like increased market share, productive operations which improve the firm's consumer perceptions, as well as overall enhanced efficiency. The following are some of the strategic innovations that will be investigated: Marketing, process, organizational, and product innovation are all areas where you may make a difference (OECD, 2006).

1.1.2 Firm Performance

Huang (2018) defines performance as the achievement of an organization's stated goals. It entails an organization's ability of attaining its goal through efficient and effective utilization of its resources (Daft & Marcic, 2013). Bharadwaj, Chauhan and Raman (2015) believe that an organization's performance is a complex relationship with the following seven criteria: efficiency, reliability, productivity, effectiveness, quality of work, creativity and profitability. Performance is therefore closely linked to the achievement of all the seven criteria, which can be considered as performance goals. Even though there is no commonly agreed upon meaning of performance, an organization ought to have objectives and measure all outcomes based on the set objectives.

Organization performance is an important measure which helps determine the productivity, organizational efficiency and competence of a company. It may be seen as a measurement of the efficacy of resources to create goods of the type required in the long term by customers and society (Bain, 2016). Organization performance helps show the profitability of the firm which is measured with income and expense. Promoting organization

performance is a vital task for business managers because a profitable business has the ability to survive (Chakravarthy, 2016).

Organization performance cannot be measured by any single index and this has resulted to reluctance in using both monetary as well as non-monetary performance measures of a business organization (Chakravarthy, 2016). The Balanced Scorecard (BSC), established by Kaplan and Norton (1992), has been utilized by researchers to evaluate performance in the past. The balanced scorecard generates success measurements based on the company's mission, vision, as well as strategy. It is used as a metric to evaluate the overall performance of the company. Financial concerns, customer considerations, internal procedures, and learning and development are all issues to keep in mind (Kaplan & Norton, 1996). Because it is widely recognized as a performance measure, the balance scorecard will be utilized in this investigation.

1.1.3 Kenya Power and Lighting Company

Kenya Power and Lighting Company is a Kenyan utility company that deals with energy transmission and distribution. East African Power and Lighting (EAP&L) Company Limited was established in 1922. From 1932 through 1983, the company operated in Kenya, Uganda, and Tanzania, before concentrating on Kenya alone. The EAP&L became the Kenya Power and Lighting Company Limited(KPLC) in 1983. Generation and transmission and distribution operations were separated in 1997. As a result, the Kenya Power Company, which had been managed by KPLC since 1954, was split off and renamed Kenya Electricity Generating Company (KenGen), which was in charge of public-funded power generation projects (Kenya Power, 2020).

Kenya Electricity Transmission Company (KETRACO) was established in 2008, which resulted in the decommissioning of KPLC of additional duties. It was also in 2008 that Geothermal Development Company (GDC) was set up to produce thermal energy. In the year 2011, KPLC was rebranded to Kenya Power to reflect growth, renewal and transformation. The Kenyan government currently owns 50.1 percent of the company, with private investors owning 49.9 percent (Kenya Power, 2018). Kenya Power owns as well as operates the majority of the country's electrical transmission and distribution system, serving approximately 6.2 million users (Kenya Power, 2020). The Nairobi Securities Exchange is where the company is listed.

In terms of performance, Kenya Power has put in place various technologies to facilitate its operations. These have contributed to providing good services to its customers and its continued profitability (KPLC, 2017). Strategic innovations are therefore at the core of the operations of some of the departments in the organizations. However, it still has some challenges it needs to address in the running of its operations. At the departmental level, strategies should be put in place to address these challenges. Because of the importance of innovations in these departments, strategic plans must incorporate these innovations and leverage their functionality in dealing with the challenges.

1.2 Research Problem

Other researchers have noted that strategy, innovation as well as the firm's performance are linked to the magnitude that the selected strategy is crucial in developing competence. Past empirical research findings show that the leaders or followers' innovation are linked to the extent and type of strategy implemented. According to Stošić, companies that pick the leader approach utilize product innovation, while those who choose the follower

strategy employ process innovation (2013). Managers' day-to-day actions, as well as the specific links between management learning and decision-making, produce the process of yearning or unlearning to innovate. The strategic change and innovation process filters both external and internal information using monopolizing notions and reasoning frames that provide meaning and sense creating structure (Pettigrew et al., 1989).

Kenya Power and Lighting Company has embraced strategic innovations for instance the e-billing, query innovation, prepaid metering and essay-pay. The degree to which strategic innovations at KPLC influence performance, on the other hand, is largely unknown. In fact, the impact of these strategic improvements has to be investigated further, based on several customer concerns. Firm performance and the impact of strategic innovations have been studied in many studies. However, a vast number of studies have been undertaken on organizations that operate in an environment different from KPLC's. This research is a descriptive survey with KPLC as the primary focus.

Studies have been undertaken on strategic innovations and performance but there exist research gaps. Turkey's industrial enterprises have a strong link between innovation and profitability, according to Karabul (2015). However, because of the social and economic disparities between industrialized and developing countries, this research cannot be applied to Kenya. In addition, the study was based on diffusion of innovation theory which is more of how innovation moves rather than its influence on performance. Based on research conducted by Alqershi, Bin Abas, and Mokhtar (2018), it was found that the main reason of the low performance in Yemen manufacturing SME firms was a lack of strategic innovation. This study was however quantitative in nature and therefore failed to capture the qualitative aspects which is the aim of the current study.

In a research performed in Kenya by Kariuki (2014), it was shown that strategic innovation strategies had a considerable positive impact on organization effectiveness when implemented locally. The quantitative character of this study caused a void in the qualitative parts of the research. The research was also done outside of the usual KPLC setting. Lilly and Juma (2014) also revealed that in Kenya, there was a positive correlation between strategic innovation and bank performance. Therefore, the findings may not accurately represent the influence of innovation on performance. A similar effect is shown in Kemoli (2012) who claims that strategic innovation improves the performance of NSE-listed commercial banks.

A review of previous studies shows that there is a need to focus on strategic innovations and performance. Previous research, for example, have mostly concentrated on other segments like telecommunications as well as banking, needing further research in areas like energy and petroleum. KPLC has adopted strategic innovations and therefore need to investigate whether this has translated to enhanced performance. In addressing the research gap, the current research pursues to answer the research question; what is the influence of strategic innovation on the performance of KPLC?

1.3 Research Objective

The objective of the research was to establish the effect of strategic innovations on performance of KPLC.

1.4 Value of the Study

The outcomes of this study will be used as a guide for future research. The results may also be important to the academics and researchers in recognizing gaps in research on related subjects as well as in evaluating empirical literature to establish further research fields.

For policymakers interested in gauging the evolution of policies related to the economy's role for the energy sector, the study's findings were valuable. Strategic responses and corporate performance are linked, and this study's findings will be useful to policymakers.

The results of this research provided additional information to practitioners. Such empirical data may most likely be utilized to develop and improve policies. The research assisted the management and employees of KPLC and other related companies by increasing their understanding of strategic innovations and how they may help them reach their performance objectives.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Strategic innovation, firm performance, and their correlations were examined theoretically and experimentally in the chapter. The chapter begun with an examination of the theories behind these ideas, an examination of empirical studies on similarities and discrepancies and research gaps, and lastly a summary of the review of the literature that shows the hypothesized connection between study variables.

2.2 Theoretical Foundation

The purpose of a literature review is to locate and examine the work done by other researchers and academics on the subject matter of interest. This review provided a thorough overview of what has been done as well as served as a foundation for understanding the research findings and also to overcome the limitations of the prior investigations. The theory of resource-based perspective and disruptive innovation theory are only two of the topics covered in the next section.

2.2.1 Resource Based View Theory

Penrose (1959) was the first to establish the notion of Resource-based Views (RBV). Instead of homogeneity of the available productive resources, Penrose anticipated a definite exception. The concept of heterogeneity in an organization's resources is the principal topic of a resource-based vision. Penrose (1959) states that a business may decide on internal and external growth by using the company's assets by means of fusion,

acquisitions, and diversification. It is only possible for an organization's competitive advantage to be derived from its valued resources if those resources are found and utilised in a manner that makes them readily available to the business in question. These businesses need to identify their strengths and shortcomings so that they may create strategies to combat their rivals with the available resources (Wernefelt, 1984).

RBV argues that the valuable resources of organizations are those that determine the business' success and competitiveness. RBV says that the main factors affecting and impacting the competition's benefit and how great a business performs are generated from the skills and resources of the firm that are difficult to duplicate and appreciate (Barney, 1991). Through RBV companies may develop and implement their company strategy by looking at the position of their skills and internal resources (Sheehan & Foss, 2007). In particular, the inability of RBV to realize that alternative resource configurations might result in the same value for enterprises and, as a consequence, gain no competitive advantage is its most significant flaw.

Only when resources are deployed to implement strategies do they become valuable. Only by measuring the value generated by strategies and attaching the gained value to the resources and capabilities can the value of the resources be determined. If a company is to manage its growth, development and development, it has to monitor the factors that generate change and growth and those that respond to demands and threat. Managers should not just be conscious of changes in the environment; they must oversee the resources of the company to seize opportunities and fight dangers. Strategic answers should guarantee this occurs and that the organization's culture and values are enough to meet the main success criteria.

2.2.2 Disruptive Innovation Theory

Christensen (1997) pioneered the theory. It is based on the idea that innovations can transform a prevailing market by improving access, ease, cost efficiency, as well as market easiness where items as well as services are expensive. Disruptive innovation, according to Christensen (1997), is best pertinent in an unappealing market where new products and services later reshape the market. Understanding the underlying rules that enable disruptive technologies to create new markets and products is the most effective road to success (Kostoff, Boylan, & Simons ,2004). Other critical concerns include understanding the disruptive technology dynamics or if management will be able to adapt correctly to taking advantage of emerging chances. Firms begin by focusing on the market's lower end clients (lower tier consumers) by offering goods as well as services which they can afford (Christensen, Baumann, Ruggles, & Sadtler ,2006).

Disruptive innovation allows customers to buy products or services which previously because of lack of adequate could not afford (Baumann, Ruggles, & Sadtler ,2006). This may not be the situation; there are variables that allow consumers to buy items and services that they could not formerly afford, such as competition and government rules.

Furthermore, according to Kostoff et al. (2004), the idea proposes that businesses that retain innovation solely target high-end clientele that are seeking to enhance their performance. However, this might not always be the situation; the world's most inventive organizations target all types of clients. They can broaden their market segments scope, boost revenue, and improve performance this way. According to this hypothesis, strategic innovations have a favorable impact on performance.

2.3 Types of Strategic Innovations

Product, market, as well as process innovation are three distinct forms of strategic innovations (Tidd, Bessant, & Pavitt, 2005). Product innovation entails the launch of new products that take into account evolving client preferences as well as current product qualities for which consumers are prepared to pay for or acquire. Product innovation effectiveness can be assessed by a rise in the firm's sales volume as well as a decrease in operational costs. It is quite tough to achieve and maintain high performance in any given year. However, the success of innovation confirms the conclusions of our research, which have remained consistent across time: In the long run, a company's investment in innovation as well as overall performance cannot be quantified in any way. However, the significance of the client's connection to the company's products and services must be considered. Other important aspects to consider are the quality of a company's employees, processes, as well as decision-making (Bary et al., 2018)

The capacity of a firm to generate current goods and services in order to maintain its long-term sustainability in the market is described by Moreira and Silva (2012), while Naidu (2010) states that it enhances survival chances by enhancing product design, approximation, situation and advancement. Fresh ideas that may substantially impact any aspect of the value chain are necessary in today's volatile business environment. This is about more than just new products as well as services (Birkinshaw et al., 2011). Market innovations can boost efficiency as well as performance by increasing turnover value via a positive shift in clients' perceptions of the firm's products, as well as the availability of modern channels of distribution as well as the firm's products market (Hall, Mairesse, & Mohnen ,2009). Resulting to a higher revenue volume, which aids productivity by

implementing more possibilities to take advantage of production economies of scale. As per O'Sullivan and Dooley (2009) what is delivered to the end user is the process.

Consumers will be pleased if a consistent set of activities has been converted from raw material to final product. They are goods or services that are created by processing inputs like raw materials as well as labor. Process innovation, according to Omachonu and Einspruch (2010), is While Bergfors and Larsson (2009) working on a new delivery system or improved output. It is defined as development that occurs as a result of internal production goals. Improvement is required for organizations to achieve high performance and achieve the organization's goals, therefore process innovation is the current way for advanced internal process methods. Customers now prioritize the quality of service over the price of items or services, in comparison to the cost of goods or services previously. To address the problem, each company works to improve the dominance of its prevailing items or services.

2.4 Measures of Firm Performance

Kaplan and Norton (1992) introduced the balanced scorecard, a method for monitoring performance that has been employed by prior academics. The balanced scorecard creates performance measurements on the basis of mission, vision, and firm strategy. It is used to evaluate the organization's general performance. It encompasses the financial side of the organization, which determines the financial consequences of the organization's varied decisions. Another important issue to consider is customer pleasure. It emphasizes on the customer as well as the market, and it assesses key success criteria unique to these groupings. Another important statistic is internal procedures. It finds the high-performing

business processes within the company. Lastly, a balanced scorecard stresses learning and growth that are both important for a company's long-term success (Kaplan & Norton, 1996). Because it is well acknowledged as a performance measure, the balance scorecard will be utilized in this research.

Stowell (2014) suggests that financial performance is a measure of revenue growth which shows the leader's ability to attract the necessary finances to sustain the efficiency of the program. The operational cost and return on investments should be on monitoring. Organizations are required to increase revenue and ensure sustainability of their service offerings. In this study the respondent would be implored on how they are satisfied with the effort made by strategic leaders toward revenue growth in the organization.

Internal focus is related to the organization's effectiveness. To understand performance, it is crucial to appreciate the goals and strategies of the business and how effective they are. Effectiveness denotes to the degree by which a firm moves in achieving its mission and goals. Its indicators include formulated strategy with clear vision, mission, strategic objectives and feedback system for evaluations. Organizational effectiveness measures how successful organizations are in achieving their goals using the strategic objectives (Darrab & Khan, 2010).

Customer focus refers to a customer's sense of satisfaction after comparing their perceived performance to their expectations. The degree to which performance meets expectations determines the amount of satisfaction (Kotler & Keller, 2012). Similarly, Owino (2013) claims that customer satisfaction level is determined by how well the product/service characteristics meet the client's wants. When a customer's expectations are exceeded, the customer is said to be happy; nevertheless, when the customer's expectations are not met,

the client is said to be unsatisfied. While Kotler and Keller (2012) argue that it is a choice made after a specific service meeting. According to Makgosa and Molefhi (2012), it is an emotional reaction that influences attitudes and is specific to consumption.

2.4 Strategic Innovations and Firm Performance

Karlsson and Tavassoli (2015) performed research in Europe on strategic innovation practices impact on telecoms firm performance; a correlational research methodology was used in a 15-telecommunication firm's sample. Data was gathered via the use of questionnaires, and a business repository provided secondary materials. The study discovered a beneficial contribution to business performance utilizing descriptive statistics and content analysis. According to Osuga (2016), strategic innovation and performance are linked. Improvements in the performance of new goods have made them simpler to utilize.

Researchers Lilly and Juma (2014) conducted descriptive study on 30 Thai banks in order to determine the influence of strategic innovation on bank performance in Thailand. Banks' strategic innovation initiatives had a significant influence on their financial performance, according to data analysis that included descriptive statistics and correlation analysis. Strategic innovation cost management, continuous quality improvement, innovativeness measurements, and performance were shown to have a favorable correlation. Kalay and Lynn (2015) utilized both primary and secondary data to examine the impact of strategic management innovation on the performance of Asian service organizations. Based on descriptive statistics, the study found that the innovation strategy, organizational structure, and innovation culture all contributed to enhanced innovation performance.

Prifti and Alimhmeti (2016) focused their research on market innovation impact and

organizational performance in Albania. Descriptive research was done, and 99 firms were picked at random. SEM and structured questionnaires acquired the main data, whereas structural equation models were used for the statistical analysis. The research found a correlation between artificial intelligence and new marketing ideas.

Wolf and Pet (2005) and Walker (2009) carried out comparative research on the influence of product as well as process innovations on business performance. Revealing that a company's development was dependent on specific product upgrades. Product innovation in a bank's brands or goods was essential to get a competitive edge. Although market innovation permits for the formation of modern markets, process innovation is crucial for bank operations, resulting in increased efficiency and effectiveness. Information may flow freely and be delivered quickly to those who need it because to technological advancements (Ngugi & Karina, 2013).

The impact of commercial banks' performance and product innovation was the focus of a new research conducted by Kamaki (2014) in Kenya. As part of a descriptive research technique, 43 Kenyan licensed commercial banks were interviewed. Data was through Semi structured questionnaire gathered. According to the results, innovation led to improved performance, organizational efficiency, as well as market share control.

Lusweti (2009) performed research on the innovative techniques used by Kenyan radio stations. It was recognized that innovation strategies are vital in any firm and that the corporation must not be bothered about the innovation cost provided organizational aims are satisfied. The sort of strategy adopted, either collaborative or competitive, is crucial in monitoring as well as executing innovation in terms of strategy analysis.

Odhiambo (2008) observed that due to the rise of globalization, there has been a need to retain existing clients, therefore having to remodel their means of conducting business to guarantee they continue afloat in his research conducted at Stan chat Bank on the innovation tactics implemented. Innovative strategies can focus on a variety of aspects of a company's operations, such as improved items on the market, technological advancements, and customer service.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Techniques are needed to accomplish the research objectives of this study. This chapter comprised of the study design, instruments used to gather data and how to perform the data analysis. The philosophy should show the way the study is conducted, the organization of research, how information is collected, and from whom information is ultimately obtained in order to evaluate the information, in view of the final objective of creating findings of the study.

3.2 Research Design

Using Cooper and Schindler's (2014) definition of research design, a researcher learns how to answer questions properly, objectively and economically via the use of a procedure that the researcher learns. Khan (2008) reports that a research design intends to improve the research capacity to design an operational plan so as to embark on the numerous available techniques and tasks needed to complete the study whereas guaranteeing that the methods employed are satisfactory to provide valid, objective and exact answers to research concerns.

This study used a case study approach to conduct its research. In a case study, a specific person, place, or thing is examined in depth (Cooper & Schindler, 2014). It is suitable for this research since it includes a thorough evaluation by a single institution, which is mainly focused on depth analysis rather than broad analysis. It is best suited if a comprehensive and thorough examination of a particular research unit is needed. Yin (2018) highlighted the rigorous and thorough monitoring of social units in the case study. A case study offers

a firsthand examination of a topic whose features are not well recognized or known. In a case study, nearly everyone in the unit is examined for unearthing patterns of behaviour.

3.3 Data Collection

Primary and secondary data sources were used in this investigation. In Appendix I, an interview guide is provided for the collection of primary data. Interviews were used for this case study because they allow researchers to better understand the findings by collecting data from participants. For the purpose of providing researchers with more current and relevant data, the interview guide was developed.

The study focused on four top KPLC executives engaged in strategy: the managing director, finance director, head of strategy, and head of risk and audit. The interview guide has various sections. The first portion is about the respondents' demographics, while the rest is about the study objectives. To ensure that the research tool gathers the needed information from the participants, open questions were asked, which if no response is evident, led to further questions. The researcher performed the interviews.

For the previous 10 years (2011 to 2020), secondary data was gathered on a yearly basis. The secondary data comprised the financial performance of KPLC in each of the last 10 years and the strategic innovations introduced during that period. The data was obtained from KPLC audited annual reports.

3.4 Data Analysis

Analyzing qualitative data from the interview guide, we could draw judgments about how different kinds of data were linked together. In order to assess the answer, make conclusions and draw suggestions, content analysis was utilized. The content analysis

approach began with familiarizing the data, assigning preliminary data codes to define the content, looking for patterns or themes in the codes through several interviews, examining themes, defining and identifying themes, and lastly drawing conclusions from the findings.

Analysis of secondary data from the financial statements was conducted using measures of central tendency and dispersion. On the basis of these findings, the researcher analyzed the degree of KPLC's strategic innovation and performance.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction/provide chapter overview/sub headings

The results of the research will be discussed in detail in this chapter. An important part of data analysis is narrowing down an enormous dataset to only what is necessary for achieving the study's primary goal (Cooper & Schindler, 2003). It was determined that strategic innovation techniques have an impact on Kenya Power lighting Company performance. Kenya Power lighting Company top four executives were the focus of this investigation. Managing director, finance director, head of strategy and head of risk and audit are KPLC's four most senior executives who sit on the board and are active in strategy. For the previous 10 years (2011 to 2020), additional data was gathered on a yearly basis. The secondary data comprised the financial performance of KPLC in each of the last 10 years and the strategic innovations introduced in during that period. The data will be obtained from KPLC audited annual reports.

4.2 Analysis of Responses

To meet the study's goals, researchers focused on four members of KPLC executive leadership team. The study established that one of the leadership teams was male and three were female. The respondents indicated the positions they held in the organization. To meet the study's goals, researchers focused on four members of KPLC executive leadership team. According to the findings, each respondent has worked for the company for over two years in a variety of positions and capacities. Low turnover indicated they understood KPLC strategic leadership and had skill and knowledge on the study topic to help achieve the research goal. The respondents are involved in strategy formulation for the company.

4.3 Strategic Innovation at Kenya Power lighting Company

The research intended to determine Kenya Power Lighting Company's major strategic innovation. KPLC has embraced strategic innovations that are said to help the corporation have enhanced system management that protects income by decreasing power theft, as well as ensuring quality supply through rapid supply restoration, load control, and cost reduction.

4.3.1 Strategy Product Innovation

The respondents indicated that the major innovative practice at KPLC was product innovation that involve Billing system. The billing technology assist customers to frequently use it to inquire and pay my electricity bill and e-billing is fast and reliable.

The respondents indicated that the company constantly improves the available KPLC billing products to meet the ever-changing consumer tastes and preferences while paying attention to their affordability as well. They indicated that product innovation entails creation of new products and use of new equipment. KPLC has worked both hard and smartly to reengineer their products spearheaded by customer feedback, key learnings from previously rolled products and intelligently keeping an eye on the market trends. The technique of automatic meter reading (AMR) was introduced to large and industrial clients in 2008. AMR meters have already been replaced with convectional meters in Kenya Power's network. By alerting major industrial and commercial clients to anomalous supply chain occurrences through e-mails and text messages, the Automatic Meter Reading system was designed to prevent losses. Consumers may check their invoices, pay them online, and request future payments using the billing system.

One participant indicated that strategy product innovation is the most preferred as it ties back to the need to give differentiated, effective and solution-oriented products to customers. KPLC has seen a significant increase in customer satisfaction after the installation of billing systems. Consumers of Kenya Power may select when, where, and how they pay their utility bills. Customer relations are improved when payment and billing notifications are made easy for customers. This initiative resulted in improved billing accuracy, the elimination of estimated meter readings, and a reduction in labor costs. Customers have received their bills through smart gadgets, email, and regular mail.

KPLC has invested heavily on research and development to help understand the changing consumer trends, existing opportunities in the market, internal and external customers feedback on new product offerings and always coming up with more superior products in relation to existing competitors' products. KPLC is a company that is driven more by curiosity and innovation as it strategically positions itself as a market leader. Kenya Power has embraced the use of technology to increase the efficiency with which they offer their services. According to one of the survey respondents, "As a consequence of the implementation of outdoor metering, Kenya Power inspectors will have a simpler time reading meters and conducting inspections, and consumers would experience less disturbance while these operations are being carried out. In order to do this, around 5,600 outdoor meters were to be installed near customer properties at a cost of Sh.3.2 billion. The project was intended for all present big power consumers."

4.3.2 Strategy Process Innovation

The respondents indicated that to meet and maintain the demand for an excellent customer experience, KPLC decided to embrace technology to embed various business ideas, service delivery and piloting the last mile delivery that has helped the organization to penetrate the remote regions in Kenya. This has given the much-needed visibility on activity execution within all KPLC business units hence feeding back on the mishaps for proper mitigation and reengineering to accommodate changing customer trends. Respondents indicated that “this is done by making the process simple and business friendly. KPLC focuses on the turnaround time and last mile delivery within 24 hrs from order request to delivery”.

The study established that the firm’s employees always try to get more insights on the existing problems within the existing processes, specify and identify the real problems using the relevant availed data and then create a solution on the same. In addition, respondents informed that process innovations focused on improving the technology, procedures and processes used in the development of various KPLC projects undertaken by the organization. There’s a dedicated team who leverage existing systems to administer surveys and gather customer centric feedback on existing processes among many other aspects to give the customer the best experience.

To aid in the decision-making process, KPLC has implemented Enterprise Resource Planning (ERP), Knowledge Management Systems (KMS), and Customer Relations Management (CRM). Furthermore, it is believed that the presence of MIS would help to enhance and update essential leadership abilities in areas that have an impact on people

and material assets. The significance of management information systems (MIS) can be summarized as follows: providing leaders with certainty, which helps to support and improve the overall basic leadership handle; assisting the governing body and administration levels in making precise and timely key decisions; and assisting the governing body and administration levels in making precise and timely key decisions.

4.3.3 Strategy Marketing Innovation

The respondents indicated that the organization undertook various marketing innovation strategies. KPLC offers a hybrid of marketing innovation that has enabled the organization to reach farmers way beyond the Kenyan market. As stated by one of the respondents, "electronic payment systems enable a customer to pay for items and services online by employing integrated hardware and software systems," showing that there are more value-added activities inside the product and service offering industry. Among the key objectives of these systems are to increase efficiency, enhance security, and improve the comfort and ease of use for clients.

The respondents pointed out that the company tends to carry out marketing innovation through pulling resources, R&D, working with partners and providing superior products to the market and focusing on strengthening communities constantly. The firm checks keenly on the opportunities against risks presented by the idea before the actual execution. The respondents indicated that the organization had different target groups depending on the customer choices and preferences.

4.3.4 Strategy Technology Innovation

Customer satisfaction and revenue protection have both increased as a result of the use of smart metering technology solutions. As an added benefit, by providing automated surveillance warnings, the smart metering system has allowed remote meter reading disconnections and reconnections, as well as the availability of time of use tariffs and supplies to consumers. Smart meters have also enhanced performance by allowing Kenya Power to communicate with the meters, allowing for real-time monitoring of energy use. Remote meter reading and disconnect/reconnect capabilities, as well as the reduced requirement for dispatching professionals, have contributed to increased efficiency in the operations.

4.3.5 Strategy Organizational Innovation

This is carried out with clear responsibilities on its layers of business with new methods and putting systems in place and promoting new ideas. The firm focus on introducing new products and strategies based on the market trends. Kenya Power has given its workers a sense of freedom to express their wins, fears and losses freely in order to understand and develop an accommodating leadership style that helps everyone to thrive with constant training to help mitigate failures. According to the respondents, the major task under organizational innovation entails continuous review of the organization structure so as to incorporate any changes in the business environment that cuts across multiple stakeholders including customers.

4.4 General Findings

The study assessed that KPLC had reviewed its strategy innovation plan in the last five years. The respondents indicated that the first time initial cost of adopting the innovation

was high but has subsequently dropped. Innovation is costly from prototype pilots done to ascertain if the product will perform. One respondent pointed out that “I would rate at which we innovate as good and mostly geared towards making our customer’s experience better”.

Strategy innovation have enabled KPLC to automate most of the business processes and this has helped the organization to understand all its current resources, utilization rates and areas to assign more resources which has really helped the organization to deliver its services effortlessly. “With proper communication, properly defined process for all the relevant task types and fostering a strong culture, we have been able to meet the customers experience expectation and are still working tirelessly to ensure our innovation does not become redundant with time as more often than not, your customers will know if you and your employees aren’t on the same page”- feedback from one of the managers interviewed.

The interview guide carried out an assessment on the strategy innovation, which the firm preferred, and the reason behind preferring the strategy. The respondents indicated that the firm did not have a specific preferred strategy but the firm used a combination of product, process, organizational and marketing innovation strategies to enhance the performance. According to the respondents, adoption of one type of strategy innovation would automatically lead to adoption of a different practice hence the innovative practices were contingent and complemented each other.

The study went ahead to seek how KPLC handles customer complaints. Reactive approach is by various channels that have been available to customers for them to easily contact the organization. They include, toll free numbers, email addresses, official company website, social sites chat bots for example Facebook, Twitter, Instagram to

increase the avenues through which KPLC customers engage with the organization. The firm has been able to roll out several service centers that act as point of sales (POS) and service stations that fast track complaints resolution and within stipulated turnaround times based on the nature of the task types. The respondents pointed out the firm has field technicians that are also distributed in Kenya to help with free product installations, routine maintenance and field aftersales.

Lastly, as a proactive measure, the firm has monthly 2- way internal surveys which allow customers to escalate any pending issues that still need full resolution. These surveys are conducted using USSD to accommodate customers without smartphones. The respondents pointed out the firm has a team that listens and handles customers' issues by raising tickets for onward action to the relevant departments and closing the tickets once the customer has been assisted. Additionally, KPLC works with independent external consultants who periodically share NPS data post conducting customer surveys that touch on a variety of the processes and innovations offered allowing room for improvement.

4.5 Strategic Innovation and Performance at Kenya Power lighting Company

KPLC has a dynamic team that is always looking for more innovative ideas, strategies that can help it become better and doesn't have stipulated frequencies to review the strategies but adapts based on the market representation and need. The respondents pointed out that reviews are done in line with market dynamics. Service at Kenya Power has greatly improved compared to previous years with more systems in place, solid processes and a dedicated team focused on improved service delivery leading to customer satisfaction. Electronic payment systems, which are comprised of integrated hardware

and software systems, allow a client to pay for products and services through the internet. Increased efficiency, improved security, increased consumer comfort and simplicity of use are the primary goals of these technologies, which are all part of an organization's overall strategy plan to improve performance.

Strategy innovation have really helped KPLC to enhance performance. For example, the firm piloted issuing its' field technicians with vehicles to fasten the installation process and efficiently use existing resources to meet the growing customer base demands. The firm decided to focus on PPS, an internal company jargon that helps balance and measure customers satisfaction. PPS means investing in the right People, continuously improving on internal Processes and always using the right tools and Systems to ensure customers come first. KPLC services are rendered based on daily tracked customer trends and automated feedback channels via what is known as the customer portal. Kenya Power can now monitor energy usage in real time because to the adoption of smart meters, which communicate with one other and with the meters. For operations, the ability to remotely read meters, disconnect and reconnect meters remotely in the event of non-payment, and eliminate the need to deploy professionals has all contributed towards a more efficient operation.

The study sought to establish responsiveness of strategy innovation at KPLC Kenya. The firm is not fixed nor content with the current innovations in place and tries to foster an environment that enables internal customers to continue sharing exciting new innovations. KPLC intelligently studies the current trends that helps its dynamic team to respond faster based on the need to change and offer the best customer experience. KPLC has been able to improve rural economies through the solutions that it provides to

customers to scale their farming efforts which has been greatly embraced by communities at large.

According to four interviewees, KPLC top management engaged workers in crucial decisions, allowing them to voice their opinions and help shape the company's direction. As a result, there is less resistance to change as a result of the favorable connection between management and workers. As a result, senior management had a firm foundation on which to build successful strategic innovation. KPLC provided services that were specifically tailored to meet the demands of its customers. According to all responders to this survey, the application of strategic innovation approaches at KPLC has resulted in a considerable reduction in customer complaints.

All respondents agreed that strategic innovation approaches had a positive impact on customer satisfaction. KPLC has molded its management efforts by enhancing its customer connections and harmonizing corporate procedures. KPLC has been able to obtain a better knowledge of the consumer by providing them with tailored goods or services that may directly meet their requirements in key areas via close customer connection. As a result, KPLC was able to satisfy the demands of its clients quickly and in some instances exceeded the expectations of its consumers. Clients' real-time feedback mechanisms (live chats and emails) were a big help in getting this right.

4.6 Discussion of the Findings

According to the research findings, empirical knowledge is supported by the findings. The respondents indicated that available KPLC billing products to meet the ever-changing consumer tastes and preferences while paying attention to their affordability as well. The findings in support of Schilling (2010) is related to organization success as it enables

organizations to acquire dominant position in a competitive market. Product innovation entails two specific activities which ensure a different product is introduced in the market in addition to improvements of existing products.

KPLC embrace technology to embed various business ideas, service delivery and piloting the last mile delivery that has helped the organization to penetrate the remote regions in Kenya. KPLC focuses on the turnaround time and last mile delivery within 24 hrs from order request to delivery. In order to aid in the decision-making process, KPLC has implemented Enterprise Resource Planning (ERP), Knowledge Management Systems (KMS), and Customer Relations Management (CRM). The findings agree with Bharadwaj, Fahy and Varadarajan (2015) indicating that process innovation increases the capability of using advanced technology during the production process which allows organizations to reduce their overhead and cost of production.

The company tends to carry out marketing innovation through pulling resources, R&D, working with partners and providing superior products to the market. Electronic payment systems, which are comprised of integrated hardware and software systems, allow a client to pay for products and services online. According to the results of Palmer, Wright, and Powers (2015), market innovation is critical since it allows enterprises to capture market possibilities while also assisting a firm in addressing client wants.

Customer satisfaction and revenue protection have both increased as a result of the use of smart metering technologies. Moreover, by producing automated surveillance warnings, smart metering has made it possible to perform remote meter reading disconnections and reconnections, time of use tariff functionality, and supply to consumers over the Internet.

The findings agree with Naidu (2010) claims that it improves chances for survival by improving product design, approximation, circumstance, as well as progress. Fresh ideas that may substantially impact any aspect of the value chain are necessary in today's volatile business environment.

Strategy innovation have really helped KPLC to enhance performance. For example, the firm piloted issuing its' field technicians with vehicles to fasten the installation process and efficiently use existing resources to meet the growing customer base demands. KPLC has molded its management efforts by enhancing its customer connections and harmonizing corporate procedures. KPLC has been able to obtain a better knowledge of the consumer by providing them with tailored goods or services that may directly meet their requirements in key areas via close customer connection. According to the results of Karlsson and Tavassoli (2015), a favorable association was observed between elements of strategic innovation cost management, continuous quality improvement, innovativeness measurements, and overall performance of the organization.

The purpose of disruptive innovation theory allows customers to buy products or services which previously because of lack of adequate could not afford. Disruptive innovation, according to Christensen (1997), is best pertinent in an unappealing market where new products and services later reshape the market. Understanding the natural rules that allow disruptive technologies to be used to create new markets and products is the most effective road to success (Kostoff, Boylan, & Simons ,2004). The results of this research support this theory KPLC continuously improves its employee through training and development. KPLC invests in establishing an atmosphere that encourages its employees to learn new skills and information.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

An overview of the results in connection to the main goal of the inquiry is provided in this chapter. This section contains the findings and suggestions of the study.

5.2 Summary

An investigation on KPLC's performance was the objective of the study. System automation, prepayment systems, automated meter reading (amr), advanced metering infrastructure (ami), and billing systems all had an influence on the organizations' performance, according to research. KPLC enhances performance as it's always open to embracing ideas and activities that might spearhead customer's satisfaction.

KPLC strategic innovation involves reengineering their products so that to get inform about customer feedback and understand the market trends. Automatic Meter Reading (AMR) technology was introduced in 2008 for clients who are in the large and industrial segments of the market. Following the conversion from convectional to AMR meter types, Kenya Power will now take another step and convert them to big consumers meters from AMR meter kinds.

KPLC has been able to obtain a better knowledge of the consumer by providing them with tailored goods or services that may directly meet their requirements in key areas via close customer connection. KPLC decided to embrace technology to embed various business ideas, service delivery and piloting the last mile delivery that has helped the organization to penetrate the remote regions in Kenya. This has given the much-needed visibility on activity execution within all KPLC business units hence feeding back on the mishaps for proper mitigation and reengineering to accommodate changing customer trends.

5.3 Conclusion

The research comes to the conclusion that KPLC is at the forefront of exploiting all of these strategic innovations, which are all interconnected and play a critical role in improving the performance of the company. The innovations employed by KPLC specifically Smart Meter Technology and billing technology have been embraced by its target customers due to their efficiency and value add.

The study also concludes that KPLC embrace technology to embed various business ideas, service delivery and piloting the last mile delivery that has helped the organization to penetrate the remote regions in Kenya. The company has used Enterprise Resource Planning, Knowledge Management Systems, and Customer Relationship Management systems to aid in the decision-making process.

KPLC had considerable reductions in customer complaints, which helped the KPLC perform better. Researchers wishing to delve more into the topic of strategic innovation might use the results as a resource. The study also concludes that development of new operating technologies, Invention and innovation of new services, customer service and support increase the performance of the firm.

5.4 Recommendations of the Study

Management of KPLC should keep experimenting with new strategy innovations since they complement each other and boost performance, according to the study. The research also suggests that the management of KPLC allocate more resources to innovation since

the expenses of innovation do not have a negative impact on the firm's competitiveness because they are often included into the final product, according to the findings.

KPLC should stipulate policies that provide and enhance platforms for strategic innovation to ensure performance. There is also a need to invest in strategic innovation that would enhance new products, quality improvement, research and development and training on innovative product activities.

The study recommends the industry maps out specifically what aspects of strategy innovation are relevant to their industry and invests heavily into those aspects so as increase performance. The workers of KPLC should participate in a training and development program that will allow them to learn new skills and techniques.

5.5 Limitations of the Study

The researcher ran across a number of obstacles while conducting the inquiry, including the fact that the firm normally refuses to share information because of client confidentiality. Aside from that, some respondents might not want to provide the information because they did not believe it was of acceptable relevance to them. As a result, the time for data collecting was extended.

The researcher took more time than expected to conduct the study due to data collection which was involving. The sample included a small number of the firm's management. The study limitations were that the research was based on a case study of KPLC. Some of the respondents were hesitant, to ensure the disclosure is not detrimental to the company.

Mainly, the respondents gave general information to avoid exposing the company to competitors.

5.6 Suggestions for Further Studies

The context of this study was the energy sector in Kenya and the study focused only on a single firm and did not incorporate other firms within the industry in which KPLC belongs to. The study therefore recommends a similar study, which will incorporate other energy firms to establish the strategy innovation that they have adapted and how they affect the organizations' performance.

In summary, the study should involve a mixed method to be used to undertake this research as a case study method may not have exhausted the problem or produced robust findings hence the need to use in-depth interviews together with surveys might assist solve the issues.

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APPENDICES

Appendix I: Interview Guide

This interview guide is designed to collect data that will help in better understanding strategic innovations and firm performance at KPLC. The data collected by this interview guide will be held with strict confidentiality.

The purpose of this interview is to:

- i) Determine the strategic innovations adopted by KPLC.
- ii) Establish the effect of strategic innovations on performance of KPLC.

PART A: RESPONDENT PROFILE

- 1) Currently which position in the firm do you hold?
- 2) How long have you been in charge of this function at the firm?
- 3) Does your firm engage in strategy formulation?

PART B: STRATEGIC INNOVATIONS AT KPLC

- 4) How has KPLC implemented strategic innovation, in your opinion?
- 5) Which form of strategic innovation, in your opinion, is best executed in the company?
- 6) Which form of strategic innovation do you think the corporation has used the least?
- 7) How has the firm adopted the expansion of its retail network, in your opinion?
- 8) Please describe how your organization has used modern technologies to boost strategic innovation?

PART D: STRATEGIC INNOVATIONS AND PERFORMANCE

- 9) In your view, how has the performance at KPLC been as a result of strategic innovations adoption?

10) Can you conclude that the adoption of strategic innovations has improved revenue growth rate in your firm?

11) Has KPLC achieved increased customer satisfaction as a result of the strategic innovations?

12) In your view, has customer base of KPLC improved as a result of strategic innovations

Thank you for your co-operation