MANAGEMENT OF STRATEGIC CHANGE AT KENYA POWER COMPANY

BY

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DECLARATION

I declare that this project is my own original work and has not been presented for award of any degree in any university.

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

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DEDICATION

This work is dedicated to my beloved family

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ABSTRACT

Strategic change is concerned with changing the direction of the organization and the way the firm does its business, more or less the organization’s strategy (Balogun and Hailey, 2008). Change management is defined as a set of processes employed to ensure changes are implemented in an orderly, controlled and systematic function to effect organizational change (Carnall, 2007). One of the goals of change management is with regards to the human aspects of overcoming resistance to change. This is in order for organization members to buy into change and achieve organization’s goal of an orderly and effective transformation. Strategic management thinking seeks to help us decide what we should do while change management thinking starts by taking such decisions as inputs and looks at how we can put them into effect (Carnall, 2007).

This study, sought to establish how Kenya Power has managed its change, challenges faced during its strategic change management and how it has tackled these challenges, making use of a case study strategy. Being a case study, an interview was conducted in order to obtain primary data required. Information was then analyzed using a qualitative approach. Annual Kenya Power reports, management reports and newsletters were used for the secondary data. For elaboration of the conclusion, an iterative process was followed, moving from data collected, to the theoretical background and to the development of theory.

At the end of the study, it was possible to identify a set of factors that answer the research questions and objectives of this study. Some factors that influenced change within Kenya Power included the organization’s poor performance, entry of a new CEO, obsolete technology, customer demands, change in the business environment and the regulatory requirements. To succeed, Kenya Power had to change its corporate culture, leadership, values, mode of communication, support systems and structure. Through constant training, people involvement and participation, performance contracting, change in culture, constant communication about the change, and teamwork, the above was achieved. Resistance to change was also taken care of since this was one of its major obstacles to the change.

In addition, a conceptual model was derived from the theoretical and empirical studies of this work, outlining dimensions of successful change management. The present study would be beneficial to strategy practitioners, Kenya Power managers and policy makers when it comes to implementation. For academics, the study contributes new knowledge to the field thus further research. An evaluation of change process can be done in future for comparability as to how the change program is successful. Further research can also be done on customer perception towards Kenya Power after culture change and rebranding.

From the study, it is evident that Kenya Power's performance has increased thus leading to an increase in its profitability. Some key recommendations are that more needs to be done on the service delivery standards to make sure that the company's promise to the customers is fulfilled. This will also enhance customer confidence with the company. The prepaid system of metering was well received in most regions. However, more customer education needs to be done to eliminate customer doubts.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Strategic change is concerned with changing the direction of the organization and the way the firm does its business, more or less the organization's strategy (Balogun and Hailey, 2008). It means changing the organizational mission, vision, objectives and the adopted strategy to achieve those objectives. Strategic change could be affected by the internal environment or its external environment. Because the performance of firms might be dependent on the fit between firms and their external environments, any change in the external environment might require firms to adapt to it.

The Kenya Power Company is responsible for the transmission, distribution and marketing of electricity throughout Kenya. Over the last three years the company has developed and implemented prudent business strategies which have resulted in improved quality of supply, network expansion, increased customer base and reduction in system losses. In order to improve on the gains achieved so far, additional efforts must be made to increase value and customer service quality.

Faced with energy increasing competitive environment, growing economy, threat of entry of direct competitors into the market, ever stretching targets set by the government and ministry of Energy, and a more enlightened customer who is increasingly demanding quality service, Kenya Power has no choice but to address the issue of customer satisfaction in order to appease the customer, improve profitability and create loyalty. It is with this in focus that Kenya Power is implementing strategic changes which include culture change and improved services with a view of increasing customer satisfaction.

1.1.1 Change Management

Change management is defined as a set of processes employed to ensure changes are implemented in an orderly, controlled and systematic function to effect organizational change (Carnall, 2007). One of the goals of change management is with regards to the human aspects of overcoming resistance to change. This is in order for organization members to buy into change and achieve organization's goal of an orderly and effective transformation. Strategic management thinking seeks to help us decide what we should do while change management thinking starts by taking such decisions as inputs and looks at how we can put them into effect (Carnall, 2007).

Most organizations want change implemented with the least resistance and with the most buy in as possible. For this to happen, it must be applied with a structured approach to ensure transition from one behavior type to another is smooth. Strategy is about making the right choices and implementation is about taking the right actions. Having a strategy is about knowing when to say yes and when to say no. It guides your discussions, decisions and actions. Thus implementation is that action that will propel your strategy into motion. This is by moving it from theory to practice and from the conceptual to the physical, which then translates into tangible and measurable actions (Burnes, 2004).

Management's role in strategic change is very important. It is the job of management to help employees through the process of change, which at times can be difficult. Management should help employees become well adjusted and effective once these changes have been implemented. One of the most common mistakes when implementing strategic changes is spending too much time talking and not enough time on ensuring employees are taking the right actions. Leaders are responsible for crafting and members of staff for implementing. The leaders' role in implementation is to bridge the gap from the thinking to the doing. Too much talk results in lack of actions being taken across the organization. Employees will not step up and adopt the new behaviors and actions if leaders are not paying attention to the actions and directing what needs to be done (Carnall, 2007).

According to Nelson and Quick (2008), management must encourage, motivate and reward staff members for taking correct action. They must make follow ups on implementation and review. For employees to buy in, the organization must explain changes that it would like to make, citing issues with current procedures and communicating the benefits for both the individual and the organization.

1.1.2 Power Sector in Kenya

Supply and demand growth in the power sector is a reflection of population growth, increased economic activity and changing energy efficiency. Consumption and generation growth is expected to be significant, but with a wide variation of trends by fuel sources.

Overdependence on hydro-electric power generation has resulted in supply disruptions during periods of drought, with costly oil-fired sources being used to boost output. As a result, the government expects a significant increase in geothermal and other forms of renewable supply. Reform of the power sector commenced in the early 1990's and has made steady progress. The Electric power act in 1997 and the Energy act in 2006 accelerated the reform by promoting more private investment in generation and reviewing of tariffs. This was in order to improve financial performance of power companies.

According to the Kenya Power Report, electricity serves fewer than 20% of Kenyan households, including half of urban homes and just 10 % of rural areas. Extending the supply grid to those who have no access to electricity is a major policy. Kenya Power and Lighting Company used to own and operate the national transmission and distribution grid and retail of electricity throughout Kenya. However, with the major reforms, it now controls distribution and retail. It therefore has to adjust to this by making strategic changes to its business units.

1.1.3 Kenya Power Company

The East African Power and Lighting Company (EAP&L) was established through a merger of two companies as early as 1922. These were; the Mombasa Electric Power and Lighting Company established in 1908 by a Mombasa merchant Harrali

Esmailjee Jeevanjee and Nairobi Power and Lighting Syndicate also formed in 1908 by engineer Clement Hertzel.

The Kenya Power Company (KPC) was formed in 1954 as a subsidiary of the EAP&L with the sole mandate of constructing electricity transmission lines between Nairobi and Tororo in Uganda. This infrastructure would enable Kenya import power from the Owen Falls Dam in Uganda. EAP&L was listed at the Nairobi Stock Exchange as early as 1972. With many operations of EAP&L largely confined to Kenya, the company finally changed its name to Kenya Power and Lighting Company Limited (KPLC) in 1983.Owing to the complex nature of KPLC, it was decided to split the company's core functions into two in 1997. There would be power generation handled by the Kenya Electricity Generating Company (KenGen) on one hand, and transmission and distribution of power under KPLC's docket on the other.

Over the last three years KPLC has developed and implemented prudent business strategies which have resulted in improved quality of supply, network expansion, increased customer base and reduction in system losses. In order to improve on the gains achieved so far, additional efforts must be made to increase value and customer service quality. Following the many changes within KPLC, the company changed its name again to Kenya Power in 2011. This was after the launch of the culture change and rebranding program in 2011. The rebranding and other change is a product of project mwangaza.

Project Mwangaza is the name given by Kenya power to the many change initiatives that have and are taking place in Kenya Power. It comprises of a team of employees who are in charge of driving the change by ensuring employees live up to the new vision,mission,values and service delivery standards. Faced with energy increasing competitive environment, growing economy, threat of entry of direct competitors into the market, ever stretching targets set by the government and ministry of Energy, and a more enlightened customer who is increasingly demanding quality service, Kenya Power has no choice but to change the way it does its business. It is with this in focus that Kenya Power is implementing strategic changes to ensure the above is achieved and also its survival.

1.2 Statement of the problem

Change management can be defined as the task of managing change, which is making of changes in a planned and systematic way. The aim is to more effectively implement new methods and systems in an ongoing organization. The changes to be made lie within and are controlled by the organization. However, these internal changes might have been triggered by events originating outside the organization which is the environment. Change management literature depicts change process as a series of neat steps and stages. Yet in the real world change is not like that. Moreover, change management literature can be read as suggesting that it is possible to set out a well articulated theory of how to achieve successful change. Yet most of the world's problems appear to be full of uncertainties.

Many theories have been made about management throughout the years. It has been clear that man has always been diligent in finding the best way to handle and control people, situations and the environment around him. However, there are theories in management that are necessary in performing an effective change management process, but they are only limited. These include planned change or emergent change. Planned change is where an organization moves from one state to another in a structured manner while emergent change is fluid and emerging. Planned change approaches rely more on assumptions that an organizations environment is known and change can be planned to move from one state to another. Emergent change emphasizes the need to be responsive and adaptive. Burnes (2004), suggests that a situational view of change may be appropriate where the approach to change may vary. An organization decides on the way forward depending on the context, to better respond to environmental issues and organizational constraints.

During the last years, the importance of the energy sector as a catalyst for the social and economical development has been recognized. Overall, Kenya Power has provided a large amount of jobs and, as it is key to the development of the economy, there is fundamental need to improve its competitiveness and increase its business success. Kenya Power has for a long time enjoyed its monopoly but recently with the increase in competition and the government wanting to give a chance to private investors, the company had to engage in several change initiatives in order to stay competitive and ensure its survival. Some of these changes include a change in mission, vision, values, service delivery, and initiatives on customer satisfaction.

A number of studies have been undertaken on strategic change management. Mbogo (2003) sought to address strategic change management process in Kenya Commercial Bank. Nyamache (2003) also sought to look at strategic change management process in the public sector. Mugo (2006) looked at strategic change management practices in KPLC between the years 1995-2004. His research does not talk about project mwangaza, which is a project on culture change and rebranding that commenced in the year 2007 to enhance Kenya Power's services and ensure its survival. It's for this reason that this research shall look into this. Accordingly, the following research questions have been formulated. How does Kenya Power implement strategic changes? What challenges has Kenya Power faced during strategic change management and how has it tackled the challenges?

1.3 Objectives of the study

i. To establish how Kenya Power has managed its strategic changes.
ii. To establish the challenges faced during the strategic change management and how Kenya Power has overcome these challenges.

1.4 Value of the study

This study will be of value to various people. First, strategy practitioners will be able to formulate supportive policies and an enabling environment for implementation of the strategic changes.

Secondly, it will enhance the critical and analytical thinking of managers. This will assist managers and decision makers of Kenya Power with the task of managing it more efficiently. It will also help Kenya Power to appreciate the challenges faced in the implementation of strategic changes.

Thirdly, policy makers will gain knowledge of how to design policies that shall enhance positive participation of employees. This is because participation of employees in decision making helps increase motivation and may help overcome resistance.

Lastly, research and academics of management will be provided with further information in this area of study. The research study can give food for thought to new researchers. They will therefore use these findings as a basis for further research to find out how successful the change will be.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews pertinent literature based on the research questions and the conceptual framework. In presenting this literature, it considers past studies done in this area.

2.2 Concept of Strategy

A company's strategy is management's action plan for running the business and conducting operations. The crafting of a strategy represents a managerial commitment to pursue a particular set of actions in growing the business, attracting and pleasing customers, competing successfully, conducting operations and improving the company's financial and market performance (Thompson, 2007).

The central thrust in strategy is to achieve a long term sustainable advantage over key competitors of the firm in every business in which it participates. It recognizes that competitive advantage results from a thorough understanding of the external and internal forces that impact the organization. Externally, we have to identify the industry attractiveness and trends, as well as characteristics of the major competitors. Internally, we have to assess the firm's competitive capabilities which produce strengths and weaknesses that have to be further developed and corrected.

According to Hax and Majluf (1996), strategy is needed in order for organizations to obtain a viable match between their external environment and their internal capabilities. The role of strategy is to not only respond to opportunities and threats but also to continuously and actively adapt the organization to meet demands of a changing environment. To remain successful, organizations must change with changing conditions. As soon as a strategic repositioning of the company is proposed, a plan of action is needed. A well conceived strategy is one that has been planned with the company's capability to carry out the proposed change in mind.

Implementation is a vital component of strategic management system. A strategic plan that took months, years of time to design can fall apart in one day if not properly implemented (Kemper, 1989). Formulating a strategy is one thing, but implementing the same strategy is quite another. Because it involves numerous variables that may be difficult to control, the implementing system can be extremely complicated.

2.3 Strategic Change Management

As strategic change can happen at various levels within the organization and encompasses different forms, it gets occasionally confused with organizational change and is sometimes even recognized as similar to it. Authors use both terms interchangeably without distinguishing between the two concepts and often refer to organizational change as being all "strategic".

Mintzberg and Quinn (2002) point out that organizational change involves changes at both operational and strategic levels which underline the importance of identifying where the organization wants to be in the future and what changes are needed to get there. This suggests that organizational change and organizational strategy are interlinked and can't be separated from each other. The reasoning shows the close relationship that exists between strategy and organizational change and explains why organizational changes might therefore be seen as being "strategic" or even referred to as strategic changes.

Strategic change involves improving the alignment among an organizations environment, strategy and organization design. Strategic change interventions include efforts to improve both the organization's relationship to its environment and the fit between its technical, political and cultural systems. The need for strategic change is usually triggered by some major interruptions to the organization (Cummings, 2009).

For strategic change to succeed, it must be accepted and supported by the people who are involved in the change. The style of the executive who is the change agent, the values of individuals, the corporate culture as a whole, the structure of the organization, and the organization's position in its lifecycle all affect the implementation of a change and, in turn, all are affected by the change.

Strategy implementation and strategy formulation processes are closely interrelated. The desired results of an organization are established during the strategy formulation process. Implementation consists of the issues involved in putting the formulated strategy to work. No strategy, no matter how brilliantly formulated will succeed if it cannot be implemented.

Managers need to formulate a strategy that will achieve a competitive advantage (Rowe, 1994). Managers have found that to be competitive, they must provide customers with Quality, value, service and timeliness. Customers increasingly expect products or services that perform as specified; they expect the best possible value at a reasonable cost; they demand service needed to maintain products and assurance that the products will perform as specified. In the service industry timeliness is often the difference between getting a client and losing out. Strategic managers faced with many complex factors must use strategic thinking.

Porter (1987) describes strategic thinking as intimately linked with implementation. He states, there are no substitutes for strategic thinking. Improving quality is meaningless without knowing what kind of quality is relevant in competitive terms. Nurturing corporate culture is also useless unless it's aligned with the company's approach to competing. In today's rapidly changing environment, it's no longer sufficient to prepare a strategic plan once a year or even a quarter. Strategic managers need to monitor conditions continuously and modify strategic decisions whenever need arises. They also have to weigh the merits of a new strategic thrust. According to Mintzberg and Quinn (2002), in order for an organization to achieve its objectives, it must not only formulate but also implement its strategies effectively.

Strategy implementation almost always involves introduction of change to an organization. It involves putting strategy into action by coming up with programs, budgets and procedures (Thomas and Hunger, 2008). Strategy implementation is the sum total of the activities and choices required for the execution of a strategic plan. It's the process by which objectives, strategies and policies are put into action through the development of programs, budgets and procedures. Although it's considered after a strategy has been formulated, implementation is part of strategic management.

To begin strategy implementation process, strategy makers must consider several questions. These are: who are the people who'll carry out the strategic plan, what must be done to align the company's operations in the new intended direction and how is everyone going to work together to do what's needed? Strategy implementation involves establishing programs to create a series of new organizational activities, budgets to allocate funds to new activities and procedures to handle the day to day details.

According to Thomas and Hunger (2008), Implementation also involves leading through coaching people to use their abilities and skills most effectively and efficiently to achieve organizational objectives. Without direction, people tend to do their work according to their personal view of what tasks should be done, how and in what order. They may approach their work as they have in the past or emphasize those tasks that they most enjoy regardless of the corporations priorities. It's important therefore that company energies and efforts flow in the direction of strategy execution. The more this is the case, the more strategy implementation stays on track.

2.4 Models of Change

According to Balogun and Hailey (2008), there are two dimensions of change (table 1) as indicated below.

Table 1: Types of change

<table>
<tr><td colspan="2" rowspan="2"></td><td colspan="2">Extent of change</td></tr>
<tr><td>Transformation</td><td>Realignment</td></tr>
<tr><td rowspan="2">Speed of change</td><td>Incremental</td><td>Evolution: Transformational change implemented gradually through interrelated initiatives; likely to be proactive change undertaken in anticipation of the need for future change</td><td>Adaptation: Change undertaken to realign the way in which the organization operates, implemented in a series of steps</td></tr>
<tr><td>Big bang</td><td>Revolution: Transformational change that occurs via simultaneous initiatives on many fronts; more likely to be forced and reactive because of the changing competitive conditions that the organization is facing</td><td>Reconstruction: Change undertaken to realign the way in which the organization operates, with many initiatives implemented simultaneously; often forced and reactive because of a changing competitive context</td></tr>
</table>

The above changes could be classified as either planned or emergent. Evolution and adaptation fall under planned change while revolution and reconstruction fall under emergent changes.

2.5 Factors that determine strategic change management

There are various factors that determine strategic change management.

Corporate culture is one of these factors. Why is it that intelligent, well-thought-out strategies are so often thwarted in the implementation phase? Often it is the organizational culture that prevents the strategic change from taking place. The culture is affected by the organization's structure, power centers, and climate. Corporate rituals provide a means of demonstrating the values and beliefs of the organization and thus define the culture, the social interaction, priorities, and the way individuals deal with one another.

According to Mintzberg and Quinn (2002), when a change agent introduces a new strategy, it is critical that the culture be ready to lend support. Its impossible to successfully implement a strategy that contradicts the organization culture (Stoner and Freeman, 1995).A strategic change that is incompatible with corporate culture often flounders in a morass of opposition, sabotage, neglect and inaction. By studying the elements of the corporate culture and their potential effect on proposed strategies, a change agent can greatly increase the likelihood of successfully implementing a strategic change.A strong corporate culture founded on ethical principles and sound values is a vital driving force behind continued strategic success. A company must care about how it does its business otherwise it puts its reputation at risk and ultimately its performance. Individual values and beliefs also play a role.

The values and beliefs held by those who are expected to implement the change are important in effective implementation of strategic changes. Values are intrinsic, deep-seated beliefs so pervasive that they influence every major decision one makes, moral judgments, reactions to others, willingness to make commitments, and support for organizational goals. Values can be so ingrained and strongly held that they can seriously inhibit change (Mintzberg and Quinn, 2002). Thus values must be understood and dealt with to ensure commitment to a proposed change. It is however important for us to know that values alone do not make the difference. But if the values of individuals match the strategy of the organization, a synergy is created that transcends almost any other relationship in an organization.

Style of the change agent is also important. A change agent is generally a key executive whose values are strong and dominate the culture. He or she is the executive and his/her vision is generally so strong and powerful that others "buy into" it. The vision is built on recognition of opportunities, needs and requirements.

When implementing a new strategy, the change agent should communicate the need for the changes that will enable the organization to meet competitive forces in the environment, develop a vision that can be shared by members of the organization, determine what beliefs, values, norms, structures and protocol must be changed for the new strategy to succeed, make the CEO's office the focal point of support for the proposed changes and ensure that the changed culture is reinforced and supports the new strategy (Mintzberg and Quinn, 2002).

An overly analytical manager will often focus on current problems without regard to the need to employ an appropriate change process. On the other hand, a broadly conceptual manager may be overly concerned with examining many options and involving other employees in the organization in the decision making process and thus may miss opportunities or diffuse the means of bringing about a change. Strategy and resources of an organization influence implementation. An organization should know how to identify resource requirements and how these resources will be deployed to create the competence needed to underpin particular strategies. These competences are usually created through allocating an appropriate mixture of resources to a particular activity and the processes which link these activities together (Scholes and Johnson, 1997).

Strategy and support systems play a major role. These consist of all formal and informal procedures that allow an organization to function, including capital budgeting, training and accounting systems can overpower expressed strategies. Information systems are also important.

Strategy and structure are also important in implementation of strategic change. Making strategies work in practice can be a complex business. However, an organizations structure and design will influence the ease or difficulty of strategy implementation (Scholes and Johnson, 1997). An inappropriate structure can certainly impede strategy implementation, particularly where change in strategy is involved.

However, structure in itself will not ensure successful implementation but how the detailed designs are hung around the structure which really matter. According to Stoner (1995), successful implementation depends in part on how the organizations activities are divided, organized and coordinated. Structure must match its strategy for it to succeed. Strategies therefore need to be developed around business units of the corporation. These units must correspond to parts of the organizational structure.

2.6 Challenges of strategic change management

Successful implementation of strategic changes in an organization is very important. Poor implementation has been blamed for a number of strategic failures. Problems of successful implementation centre around how well or badly the existing organization responds and how adequate its reporting proves to be. The first problem area is having a poor strategy. According to Balogun and Hailey (2008), poor strategy can result to many challenges. Due to a number of reasons, managers may have selected an inappropriate strategy. Implementing such a strategy can become a futile exercise.

A second problem area is poor implementation of strategy. While the strategy selected may be sound, implementation procedures can be flawed. Here again, efforts to execute strategy are impaired. Restricted communication channels, lack of information, lack of accountability, no vision from the top and lack of commitment from senior executives also contribute to poor implementation of strategic changes.

The third problem is failure to couple strategy development and implementation. These two should be seen together. Persons who will implement the strategic plan should be involved in the development. Separation of these two may lead to a situation where critical implementation issues are left out of consideration during formulation phase. Effective strategy implementation becomes difficult in such cases.

Finally, there is resistance to change initiatives. Nelson and Quick (2008) describe resistance to change as a form of feedback and that this feedback can be used to manage change. One key to managing resistance is to plan for it and to be ready with a variety of strategies for using resistance as feedback and helping employees negotiate the transition.

Empathy and support to employees who have trouble dealing with the change is another way of handling this. An organization has to learn how people are experiencing change. This will help in identifying people who are having trouble accepting the changes and the nature of resistance. People responsible for change management should be active listeners and be interested in the feelings and perceptions of employees. This helps in making employees less defensive and more willing to share their concerns and fears.

Clarity and consistent communication about impending change is also essential for successful implementation process. Details of the change and the rationale behind the change should be provided. Employees want to know why the change is needed. Lack of adequate information fuels rumors and gossip and adds to the anxiety generally associated with change. Effective communication about changes and their likely results can reduce this speculation and allay unfounded fears. Changing your channel of communication can also be a good option.

Involving members directly in planning and implementing change may help overcome resistance. Participation by allocating clear responsibility and accountability for the success of the overall strategy is important. Members can provide a diversity of information and ideas which can contribute to making innovations effective and appropriate. They can also identify pitfalls and barriers to implementation. Involvement in planning the changes increases the likelihood that members’ interests and needs will be accounted for during the intervention. This increases the participants’ commitment to implementation (Nelson and Quick, 2008).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter elaborates on the method used in conducting the research study. Further, data collection methods and the data analysis methods are provided.

3.2 Research Design

The objectives of the study were to identify how Kenya Power has managed its strategic changes, challenges faced and how it has overcome these challenges. For this a case study was conducted. The purpose of a case study is to obtain information from one or a few situations that are similar to the researcher's problem situation. The primary advantage of a case study is that an entire organization or entity can be investigated in-depth and with meticulous attention to detail.

The highly focused attention enables the researcher to carefully study the order of events as they occur. A case study is designed as a learning vehicle with specific educational objectives in mind. It places more emphasis on a full contextual analysis of fewer events or conditions and their interrelations. Case studies are capable of providing a major challenge to a theory and can provide a source of new hypotheses (Zikmund, 2003).

3.3 Data Collection

Having picked Kenya Power as a case study, both primary and secondary data was collected to help answer the objectives. Before starting the interview process, it was necessary to make a questionnaire guideline as guidance for the interview. There were 7 interviewees in total for this research. The interviews were done face to face. Questions during the interview were phrased clearly in order to make them understandable for the interviewee.

Secondary data was also used during data collection. For this, the researcher was able to go through management reports, annual reports and newsletters from the year 2006 to 2011.

3.4 Data Analysis

Once the field work was completed, raw data collected in the field was transformed into information to answer the research questions. Content analysis was then used to analyze data. According to Saunders and Thornhill (2007), content analysis provides a researcher with a qualitative picture of the respondents' concerns, ideas, attitudes and feelings.

Analyzing results for a case study tends to be more opinion based than statistical. The usual idea is to collect data in a manageable form and construct a narrative around it. There really is no right or wrong answer to a case study.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter discusses the findings of the study based on the analysis and interpretation of both primary and secondary data collected from various sources.

4.2 Profile of Kenya Power Company Limited

Kenya Power Company is a Kenya based company engaged in the transmission, distribution and retail of electricity. It purchases electricity in bulk from Kenya Electricity Generation Company (KENGEN), Independent Power Producers (IPPs), Uganda Electrical Transmission Company Ltd (UETCL), and Tanzania Electricity Supply Company Ltd (TANESCO).

The company's services are targeted at individual and corporate customers. Kenya Power owns and operates the national transmission and distribution grid and is responsible for scheduling and dispatch of electricity to more than 1,000,000 customers throughout Kenya. Its headquarters are in Stima Plaza, Kolobot road, Parklands, Nairobi.

Strategic Objectives for the company are to improve delivery of customer services; to modernize operations through automation in order to enhance efficiency; to achieve financial stability and sustainability; to carry out innovation across the business to enhance efficiency and service quality; and to improve perception of customers and stakeholders towards Kenya Power.

4.3 Management of strategic change at Kenya Power

4.3.1 Approach to change management

The informants concurred that a planned approach to change management was done.
The Board of Directors first considered a corporate rebranding and culture change proposal by management, and directed that a roadmap detailing processes be drawn up. The board also recommended that a consultant be procured who would assist in identifying tasks and activities necessary for the successful implementation of the

project. The project would create a new corporate identity and introduce a new and improved organizational culture among all staff.

A consortium of companies was chosen for the project through competitive bidding. These included McKinney Rogers change agents, Ogilvy EA rebranding agents and SBO Research Company. Questionnaires were distributed across all the offices and customer satisfaction surveys were done by SBO Research Company to determine needs for both the employees and the customer. Results from employee surveys and customer satisfaction surveys were used in the change process. Ogilvy on the other hand did the rebranding. McKinney Rodgers change agents were responsible for assisting in culture change.

The change decisions and activities were passed down from corporate headquarters, to regional headquarters and finally sub-regional headquarters for onward communication to employees. This was done through emails and meetings. A change committee to assist in the implementation of change programs was formed which included senior managers and project mwangaza team. The team was also responsible for sourcing resources and recruiting a reputable firm that would help in monitoring, evaluation and implementation of the change. Selection of the team was done by the Managing Director/Chief Executive Officer.

4.3.2 Change Management Dimensions

Experts have proposed a number of change management models. Some of these were discussed in section 2.4 of this study report. The findings suggest that the implementation of the strategic changes is characterized by realignment. This requires an organization to realign the way in which it operates, because of a changing competitive context. Project Mwangaza steering committee members were the guiding team for the reforms. The team engaged in off-site meetings to discuss the reforms and review the micro and macro elements and how best the organization would be structured to fit in with vision 2030 and the organizations strategic plans.

Implementing the strategies was a key factor in success of the company’s strategic objectives. As stated in the literature, a strategic plan that took months, years of time to design can fall apart in one day if not properly implemented (Kemper, 1989). The organization rolled out a new vision and mission which were geared towards motivating the employees to drive the company towards a culture of good customer care and living up to the new values. This was through launches in every office. Employees were also encouraged to participate in the exercise through suggestions and participation in the research that was being done.

The management team engaged employees through trainings which include high performance teams, unlocking your personal potential, brand ambassadorship and mind dressing for your job. These trainings were geared towards changing the attitude of employees and informing them of the changes that would take place and how they were expected to act in order to fit into the new culture. They were encouraged to live up to the new vision and mission and be good brand ambassadors. Team talks were also done across all the branches to explain the need for the reforms and how they were going to affect the company as well as the employees themselves.

This was and still is an ongoing process. The theme of the project was “culture change and rebranding”. The project mwangaza team kept employees updated through emails, stima news, fliers and the company intranet which was also a new thing for the company. This kept employees updated on the progress of the reforms companywide. Clear reasons of the need for change were laid out .This was also meant to create a sense of urgency among the employees on the need to embrace the new changes. The informants agreed that communicating to the employees the reasons for change helped them to get convinced, and committed to the implementation of the change efforts.

People involvement and participation was crucial as stated by the informants in order to make the employees feel as part of the change process and create a sense of commitment towards it. Employees that were directly affected by the changes received more attention and support. Participation of key persons was increased through allocation of more responsibility. Developing this sense of ownership to the change efforts helped increase their motivation.

Performance contracting was also introduced in the organization to ensure that there was good performance from the employees and also enhance accountability. A dashboard was also set up to measure performance. Rewards and recognition was done for employees who demonstrated excellent performance. The company's financial year runs from July to June of every year. At the beginning of every year, the company sends targets from the corporate head quarters to the regional and sub regional offices. These targets are set to ensure continued growth. At the end of every performance period, employees are assessed and employees who have excelled in their areas of jurisdiction are rewarded.

A change in culture was also crucial for the success of this project. This is because a culture that is supportive of the change enriches the facilitation of change in an organization. This process necessitated training therefore every cadre of staff was taken for training. The informants concurred that it was no longer business as usual and things had to change. Trainings were conducted for everyone towards embracing a new culture, a culture of customer first, integrity, passion, one team and excellence. This change in culture was also meant to go hand in hand with the new logo, vision and mission with the main objective being to build a renewed organization that all stakeholders would be proud of.

To achieve team work, the company also introduced a change in leadership. An active leadership role that entails close involvement with the employees was seen as critical. It was mentioned by the informants that the close leadership was perceived to contribute to confidence and motivation of the people when implementing the changes. All managers were taken to a workshop to remind them the importance of working together with the other employees to improve the services. All the offices were opened up and the many bureaucracies were gotten rid of. It was now easy to relate with the managers and as a result, employees agreed that they felt that there truly was team work within the organization. Level of motivation also increased as the fear in them was no more. The management was friendlier and the interaction between the two has increased with team building workshops being introduced across the organization.

Some systems in the organization were up for change too. Technology and information systems were targeted for this. Most of the work within the organization was automated. Systems were automated and most of the work done on paper was now online. An example is whereby the leave module, procurement and the medical system were made online .The dash board is also done online. Meters have also become prepaid. Communication was also enhanced such that most of the communication is done online and passing of messages is real time. An intranet site was also opened where all employees can access and know what is happening within the organization.

The company also opened up branches across the country so as to bring the service closer to the customers. More substations were also set up to cater for the growing demand and also the growing number of customers. Establishments of two more departments namely customer relations and branch business heads was also necessary to assist in instant resolving of customer complaints. This attributed to an increase in customer satisfaction level from 54% in 2007 to 69% in 2011.

4.4 Challenges faced by Kenya Power in management of strategic change

The barriers that caused for difficulties during implementation were found to be related to issue with the workforce. All the informants asserted that the main barrier was the challenge of dealing with resistance to change by the employees. Some employees were insecure and still continued with the same old culture. They have been in the organization for long and do not see the need for change. However, the human resources department has not given up and is still conducting trainings and counseling to curb this.

Getting to know the actual root cause of the employees that showed resistance to change was also a challenge. This is because each employee exhibits change in a different way and has different reasons for their resistance. Some do not see the need for change but others may be willing to but do not know how to go about it. Others may just be scared but the reasons differ.

The human resources department used communication, involving everyone in the change process, empathy and support to help in curbing resistance. Consistent communication about the change and the importance of the change was done. Employees were encouraged to be more innovative and a platform to contribute ideas was created. Counseling was also done through workshops and individual attention to achieve results. A lot of trainings were conducted to everyone.

Sabotage of new innovations was also one of the key challenges. An example is where the meter readers thought that with the prepaid metering systems, they would eventually be rendered irrelevant to the company. However, they were encouraged to broaden their skills to enable them be deployed to other areas within the company. The looming strike was also seen as a threat to the efforts to provide better services to the customers. There was fear that this would sabotage the promise made to the customers of continued quality service.

The company has also set performance targets for everyone in order to improve performance. The employee's performance and rewards is therefore based oh how one has met their targets. Promotions are also based on performance of an employee. A promise has also been made to the customers by use of service delivery standards thus make employees accountable.

It is not a surprise that all the challenges faced by Kenya Power in the change program are employee-related. This is because the change predominantly involved a change in the human resources. The specific challenges faced by Kenya Power are very similar to the ones mentioned in the findings of the literature in chapter 2. The fact that resistance to change by the workforce was seen as the main barrier in the implementation of change is a common emphasis in literature writing, particularly when changes are people oriented (Balogun and Hailey, 2008; Nelson and Quick, 2008).

4.5 Factors influencing change in Kenya Power

The informants were all aware of the change program in Kenya Power. They identified that the major strategic initiatives of the company were focused primarily on financial recovery. This was because in the years 2003/2004 and 2004/2005, the company had experienced major financial losses and the company was on the verge of collapsing. The company therefore had to come up with strategies to overcome jeopardies of insufficient generation capacity, drought and stagnant power tariffs in the years 1999 to 2004. Strategic initiatives were also intended to turn around the company from a financial loss making position back to profitability and also accelerate overall growth.

In an effort to reinvigorate growth, Kenya Power announced a corporate restructuring program called Project Mwangaza in 2007. The goal of the program was change of attitude and service delivery to customers. Since Kenya Power is a service industry, delivery of services is a key driver to its profitability and sustainability. This was to be accomplished by redesigning the company's organization structure, processes, culture, systems, leadership and pay structures.

The informants also agreed that the organizations performance was equally poor, with the company having reported net losses since 1999. Key drivers of the poor performance included obsolete technology, high operating expenses driven by factors such as a blotted workforce, and staff members claiming overtime yet they had not worked.

Entry of a new CEO was also a key factor in driving the change. The new CEO realized that the company had a big chance to turn around and start making profits but only through change in business practices. He was passionate, focused and ready to bring in a new change. He became a driving force and was always involved in leading the change. He attended all the trainings that were offered and provided guidelines on implementation.

Technology was also one of the factors driving the change. It was evident that customers are techno savvy and the use of social media including face book, twitter and use of internet and mobiles had increased among customers. The company had to come up with ways of communicating with the customer through use of technology. The company therefore introduced easy pay whereby customers could use their mobile phones to enquire and pay their bills. Also the company introduced prepaid meters, opened a face book account in order to communicate with customers and also modernized it IT system. Communication was therefore enhanced.

In addition, customer demands were changing and the customer has now become more educated in that they know their rights when it comes to service delivery. In today's economic environment, customer's level of awareness has increased, they are more cautious and selective with spending their money and want value for their money. A company needs to know the customer demands so that they can know how to satisfy them. This in turn builds customer loyalty and increases sales.

Change in the business environment characterized by competition and government legislation was also a key factor in the change. The energy sector is no longer a monopoly and there are emerging competitors for example solar. It was evident that for the company to survive, it had to change with the rapid change of the business environment. The new constitution also gives customers more powers and it is easy for a customer to sue a company if they don't get quality service.

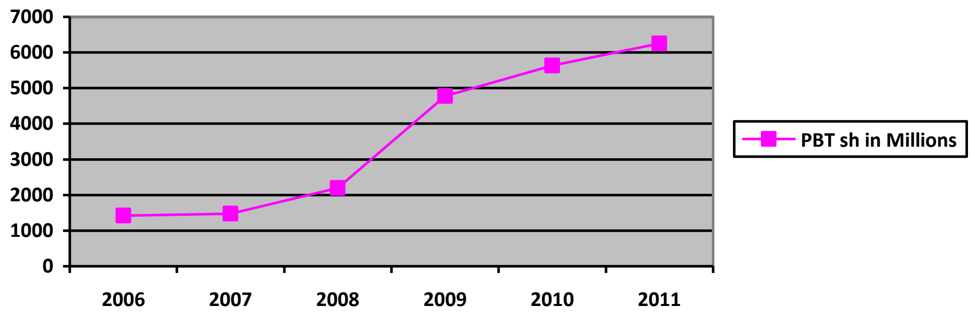
The regulatory requirements also influenced the change process. The companies act, The Electricity Regulatory Commission regulations, the Energy Act 2006, Public procurement and disposal act. These legal documents give legal legitimacy to the institutional power sector and define mandates and scopes of operations. The ISO 9001:2008 certification, stima flow service delivery standards and the KPLC KETAWU collective bargaining agreement also influenced the change.

4.6 Achievements of the reforms

From the informants, the performance of the organization has improved as compared to year 2006 as is evident from the following features;

Figure 1: Financial performance – Profit Before Tax

shillings in millions



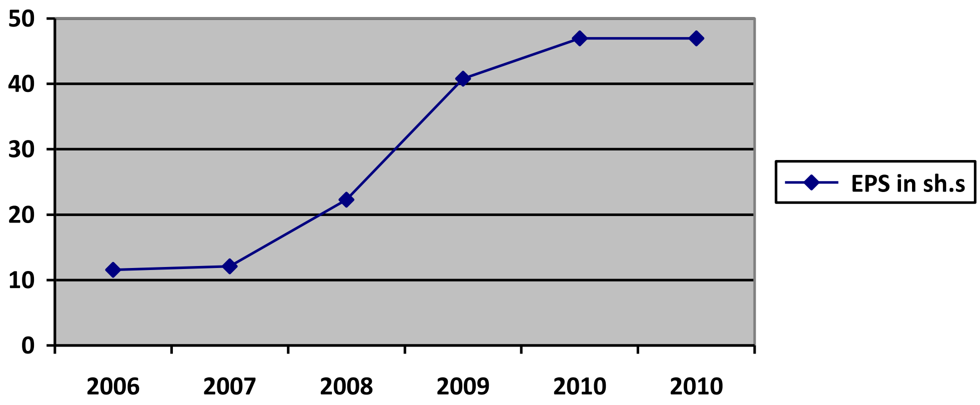
Years

Source: Kenya Power trading results for the years 2006 to 2011

The growth in revenue and profit has been driven by the company effort to connect more customers. This was by vigorous marketing initiatives which include door to door marketing and a lot of barazas/meetings.

Figure 2: Earnings Per Share

Amount in shillings



Years

Source: Kenya Power trading results for the years 2006 to 2011

In addition, the share price has moved a notch higher. All this is attributed by the improved performance of the company and investor confidence in Kenya Power.

4.7 Discussion of the findings

This section discusses the findings of the study and makes comparison with similar literature. Kenya Power had a strategy which had to be implemented. It was therefore necessary to move it from theory to practice in order to translate into tangible and measureable actions (Burnes, 2004). The findings suggest that there were factors that determined the success of management of strategic change in the company. These included strong leadership, corporate culture, values and beliefs of employees, constant communication, adequate resources, support systems and structure, which are supported by the previous studies in the literature (Mintzberg and Quinn, 2002; Scholes and Johnson, 1997; Stoner, 1995). On leadership, the company considers an active leadership and one that is ready to work as a team with other employees as essential for motivation.

Further, in communicating about the need for change, the company emphasizes the importance of explaining why the change is needed. This is in accordance with Nelson and Quick (2008), who have suggested that effective communication about changes and the reason for change reduces speculation and allays unfounded fears. Stoner and Freeman (1995) have also advocated that establishing a culture that is supportive to change is critical to successful implementation. True to this, Kenya Power identified corporate culture as one of its most important factors that had to be changed in order for it to successfully implement the changes. According to Mintzberg and Quinn (2002), values can be so ingrained and strongly held that they can seriously inhibit change.

In addition, as Scholes and Johnson (1997) have recognized before, the company stressed the “listed” factor of adequate resources availability for the project as critical to the implementation, with upfront careful resource planning being of particular necessity. According to Nelson and Quick (2008), participation and involvement of employees in the change process increases their commitment to the implementation. The company concurred that the people aspect cannot be ignored when it comes to change. This is because the sense of ownership helps increase their motivation.

Further, Scholes and Johnson (1997) describe support systems as important to change implementation. From the findings, training was also seen as crucial by the company to the success of the change process because it rendered more certainty that the necessary know-how for the implementation would be taught to all. The trainings done were meant to support the change initiatives. Technology and information systems were also a target for change.

The specific challenges faced by Kenya Power are consistent with the ones mentioned in the findings of the literature. The fact that resistance to change by the workforce was seen as the main barrier in the implementation of change is a common emphasis in literature writing, particularly when changes are people oriented (Balogun and Hailey, 2008; Nelson and Quick, 2008; Strebel, 1996).

A number of studies have been done on strategic change management. Nyamache (2003) sought to address strategic change management in the public sector. Mugo (2006) looked at strategic change management practices in KPLC between the years 1995-2004. During this time, competition in the business industry was not as turbulent as it is now. Technology was obsolete and customer demands were not as advanced. There were also many loopholes in the public sector. Kenya power at the time was a loss making company with so many bureaucracies. However, as time went by competition increased, customers became more educated with increased demands and it was no longer business as usual. From the findings, a strategy to recover from a loss making company to a profit making one had to be developed and successfully implemented. Their findings do not talk about the current issues in the business environment. Mugo’s study does not also cover culture change and rebranding program that Kenya Power has gone through.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents conclusions based on the results of the study. A final conclusion will be given, limitations of the study, recommendations and suggestions for further research.

5.2 Summary of findings

Successful implementation of a Change program is very important in an organization. However, before implementing, the organization has to know what needs to be changed. For Kenya power, corporate culture, leadership, values, structure, support sytems, performance and teamwork relationships were up for change. It was no longer business as usual as customer demands, business environment and the regulatory requirements were all becoming increasingly competitive.

Understanding the factors that help in successful implementation can greatly benefit the organization. From the findings, it was evident that the management has endeavored to bring out the best in every employee, encouraging them to be innovative in their respective departments. This was through constant trainings, people involvement and participation, performance contracting, change in corporate culture, change in structure and systems and a change in leadership.

Management did anticipate resistance and came up with ways to overcome this. The management has encouraged team work and emphasized the need for team work. This is because team work is the key to achieving the company’s strategic objectives. Employees have undergone extensive trainings to align themselves with the new company logo, vision and mission. Role models have also been used to motivate employees. There is also more rewards and recognition within Kenya Power. Employee participation and involvement is still being used as change is still ongoing.

5.2 Conclusion

Effective implementation of change programs is facilitated by a certain group of factors. Understanding these factors that are critical to the success of a change program can greatly benefit an organization. However, factors are context-specific and adoption of unsuitable factors can hamper the desired results.

Overall, the findings indicate that the change management practice of managing people aspect of change was much more important than anything else. In change management dimension, strong leadership, reasons for the need for change, people involvement and participation, effective communication, competent, motivated and suitable staff, training and performance contracting contributed to a success in implementation.

During the research, the researcher discovered that other things come into place when it comes to change. In the literature review, several aspects have been discussed as the critical success factors towards implementing change. However during research more factors came to light as important factors in change implementation. Changes are still taking place within Kenya Power, but most of the changes as prescribed in project mwangaza change program have been implemented. The change process is largely said to be a success.

From a loss making company, the organization now boasts of growth in revenue and profit. Level of customer satisfaction and employee satisfaction has also increased and the stake holders are more confident of its performance. Because of the team work, a more open system of reporting, frequent updates on the company performance, frequent trainings, and fewer bureaucracies, the employees are pulling towards the same direction.

5.3 Recommendations

It is recommended that the prepaid system of metering be fastened across all regions as it has been received well in most regions. However, it was noted that some customers are a bit resistant thus more education needs to be conducted to the users of these meters to eliminate doubts that the customers might have and for them to embrace it positively.

More needs to be done on the service delivery standards to make sure that the company's promise to the customer is fulfilled. This will also enhance the confidence of the customers to the company since this is one of the company's strategic objectives.

5.4 Limitations of the study

In order to ensure a certain validity of this research, it is important to state the limitations of the study realized. You can't make casual conclusions from case studies since we can't rule out alternative explanations. Additionally, the interviews conducted do not allow for the conclusions to be extended to everyone within Kenya Power, as they were carried out on a few individuals as is expected in case studies.

It is important to remember that this study followed a qualitative approach and thus the data was analyzed and interpreted in a subjective manner, which is consequently not free from interviewer bias. This could affect the results of this research. However, such an approach can on the other hand significantly contribute towards reaching a deeper understanding of the topic of study.

The information gathered for this study was based on past and present experiences of the interviewees. As some of these events did not occur recently, there might be some aspects that were not discussed as the interviewer might have forgotten them. However, this limitation was minimized by the fact that more than one person was interviewed.

5.5 Suggestions for further research

Since the change program is still ongoing, it is recommended that an evaluation of the change process be done in future for comparability as to how successful the program will be.

A study of customer perception towards Kenya Power after the culture change and rebranding program will be necessary. This is because it will give Kenya Power information on whether the change program was a success or not.

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APPENDIX 1: COVER LETTER

Greetings!

My name is Juliet Muhia. As part of my Masters Degree study at University of Nairobi, I am conducting research to better understand the strategic change management in Kenya Power. As concerned staff, I believe you will find this interview guide interesting because it may trigger ideas that you may have regarding strategic change management. Kindly help me fulfill my course objectives by answering the questions.

The findings of this research will be published and made available in the University of Nairobi library for reference, both for academic purposes and also for the Kenyan public to learn from the findings and improve its services.

The information you provide is anonymous and I will be more than happy to share the findings of my research upon request.
Thank you so much for your time.

Yours faithfully,

Juliet Muhia.

APPENDIX 2: INTERVIEW GUIDE

PART ONE: BACKGROUND

Organization:	
Title/Position/office	Department
Years of service	

PART TWO: CHANGE PROCESS MANAGEMENT

Q1) Are you aware of the Kenya Power rebranding and culture change program?

Q2) What's the theme of the change programme?

Q3) What's the vision behind the change?

Q4) How was the vision communicated?

Q5) How was the urgency for change communicated to the stakeholders?

Q6 How has the change been carried out?

Q7)) Describe the steps envisaged in the change management process.

Q8) Describe the signs of employee inability to cope with change

Q9) What were the specific signs among employees of resistance to change?

Q10) How has the company dealt with resistance?

Q11) To what extent were the following targeted for renewal in the change management process

Behaviour	Culture
Vision	Values
Attitudes	Mission

Q12) Who initiated the change process?

Q13) What were the strategic objectives of the change programme?

Q14) Was the change planned? If yes, for how long?

Q15 Before implementing the change, was there a strategic plan?

Q16 What are some of the specific changes that have taken place within Kenya Power?

Q17 What evidence exists that Kenya Power has developed capacity and capability to handle continous change in strategy, structure, culture, skills, systems, leadership?

PART THREE: IMPLEMENTATION AND CHALLENGES

Q18 What challenges have you faced during the implementation?

Q19 How ready, after the change, are employees prepared to accept new change?

Q20) Did change necessitate training?

Q21) What cadre of staff were trained?

Q22) What was the frequency of the training?

Q23) Has there been support from management and union staff as well?

Q24) What factors influenced change practices in Kenya Power?

Q25) Describe how the following contributed, if at all, in influencing the change

A new CEO

Technology

Customer demand

Proactive need

Recession

Financial Loss

Market share

Others

Q26) Who was responsible for implementing the change process?

Q27) What were the roles of each of the following in the change process

Employees

CEO

Senoir management

Government

Stakeholders

Board of Governors

Q28) Were specific teams mandated to implement the change?

Q28b) If yes, how were the team members selected?

Q28c) What were their roles and powers?

Q29) How did change managers ensure the availability of resources to ensure the success of the change process?

Q30) What systems were identified for the following?

Documentation

Periodic reporting

Feedback

Information dissemination

Q31) What role did the following participation tools play in the change process?

Task forces

Brainstorming

Opinion polls

Newsletters

Rebranding exercise

Internet

Intranet

Suggestion boxes

Q32) How were the following used to overcome resistance?

Involvement

Listening

Information sharing

Training

Counselling

Role modeling

Threats

Q33) Describe how each of the following factors have influenced the change process

Internal	External
Organization structure	Donor requirements
Politics	Competition
Declining profitability	Customer
Resources	Regulatory requirements
Culture	Government involvement
Leadership	Funding
Teamwork	
Technology	
Profitability	

Q34) Comment on the use of the following in overcoming resistance to change amongst employees

Communication

Empathy and support

Participation

Q35) Which of the following changed and how did employee behavior change as a result of the change in each?

Symbols

Recognition and reward systems

Technology

Culture

Structure

Values

Management style

APPENDIX 3: WORK PLAN

Activity	Week 1		Week 2		Week 3			Week 4		Week 5	
Identification of topic											
Chapter one due											
Chapter two due											
Research proposal due											
Administer pre test questionnaire											
Administer questionnaire											
Data Analysis											
Submit Research Project											
Continuous consultation and feedback											

APPENDIX 4: BUDGET

Activities	Unit	Unit cost	Amount (Kshs)	Description
Administrative				
Printing Paper	3	350	1,050.00	Reams of printing paper
Printing toner	1	3,500	3,500.00	
Binding	3	2,000	6,000.00	Binding research Project
Transport costs			5,000.00	Transport to and from University
Communication costs			3,000.00	
TOTAL BUDGET			**18,550.00**	