

**THE CHALLENGES OF IMPLEMENTING REVENUE COLLECTION  
STRATEGY AT THE NAIROBI WATER AND SEWERAGE COMPANY**

**KIRUI PAUL KIPLANGAT**

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## **DECLARATION**

This management research project is my original work and has not been presented for examination in any other university.

Signature: .....

Date: .....

KIRUI PAUL KIPLANGAT

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This management research project has been submitted for examination with my approval as university supervisor.

Signature: .....

Date .....

Mr. ELIUD MUDUDA

Department of Business Administration

School of Business

University of Nairobi

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## **DEDICATION**

To my beloved wife Mary and the children whom without their support I would not have been able to complete this project.

## **ABSTRACT**

Strategy formulation and development is the development of long term plans for the effective management of opportunities and challenges. Strategy formulation and implementation is a social and political process in which interest groups with conflicting interest and bargaining powers interact. The process must have the blessings of all interested parties and the top management should play a leading role in the exercise. The study sought to find establish the challenges of implementing revenue collection strategy at the Nairobi Water and Sewerage Company (NAWASCO). Towards this end, the study collected primary data from the respondents on the challenges they face in implementing revenue collection strategy. Content analysis was used to analyze the qualitative primary data which had been collected by conducting interviews and secondary information from the organization.

The findings from the study was that the company does not respond promptly to customers complaints, the employees are not remunerated adequately, there is no just and fair promotion, the employees and management do not maintain good relations, the company do not have accurate information on number of complaints received from customers, there is no regular feedback regarding service delivery from customers, management does not take into consideration other staff members contribution regarding decision making, there is political interference with the running and management of the company, corruption is rampant in the company and lack of advance planning regarding constant supply of water to the city residents.



## **LIST OF ABBREVIATIONS**

- MDGs - Millennium Development Goals
- NAWASCO - Nairobi Water and Sewerage Company

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the study**

As a result of rapid urbanization within developing countries, pressure on urban services and facilities has become a serious problem in many urban centres, and job opportunities offered by cities are too few for the large numbers of new urban dwellers. Consequently, the numbers of poor people within urban areas are rapidly increasing. In Eastern and Southern Africa, a physical manifestation of this is the growing number of slums and squatter settlements, characterized by appalling living conditions and often accommodating more than 50% of the urban population

Organizations are open systems operating in turbulent environment (Johnson and Scholes, 2002). According to Kotler (2003), change is inevitable and yesterday's determinants of success can be today's and tomorrow's determinants of failure. Therefore, organizations must respond appropriately to the changes in their environment in order to survive and to achieve their strategic objectives (Arnold, 1996). As Charles and Gareth (1998) noted, changes may be technological, legal, social, economic and political. These changes affect all organizations whether private, public, non – governmental and non- profit making organizations. Some of the responses adapted by these organizations to these changes include restructuring, innovation, re-engineering, and continuous service quality improvement.

Globalization and its forces have also led to increased awareness and made customers to put pressure for better value products and services thus necessitating development of service quality



strategies through the understanding of quality as perceived by the consumers of the services and products. Some Organizations deal with tangible products, others deal with services while others deal with both. Whether the ultimate product is a physical product, a service or both, its quality is a critical measure of organizational performance and achievement of its strategic objectives, (Kotler, 2003). Zeithaml (1990) states that service quality is the consumer's judgment about an entity's overall excellence or superiority. It is a form of attitude and results from the comparison of expectations to perceptions of service received. Achieving and maintaining customer perceived service quality is an essential strategy in today's competitive environment (Parasurman, 1985). The measurement of perceived service quality is common place in service industries today since it is fundamental for the long term survival of service providers. Water and sanitation is a basic human right as it is fundamental to life and death. It is a key asset for socio-economic growth and development at all levels, ranging from the national level to the individual. Access to water and sanitation is a key factor in improving health, economic productivity and social well being of the human populace as both social and economic activities rely heavily on the quantity and quality of water. Access to water and sanitation is therefore an essential component of any effort to alleviate poverty. In fact, all the eight Millennium Development Goals (MDGs) are directly or indirectly related to (access to) water and sanitation.

The stated aims of privatising the water and sewerage sector are cost recovery and improved access to water and sewerage (McDonald, 2002). Apart from organizational changes (the creation of commercial utilities and their separation from the local authorities, introduction of regulatory mechanisms, etc.), under the new framework suppliers are required to improve their billing and revenue collection rates, reduce overstaffing and rationalize tariffs in an effort to

achieve full cost recovery. “The human right to water is indispensable for leading a life in human dignity. It is a prerequisite for the realization of other human rights,” the United Nations Committee on Economic, Social and Cultural Rights stated in 2002 (Camdessus, 2003). Despite this necessity, more than 1 billion people lack access to an improved water sources, and more than 2 billion people lack access to improved sanitation (World Bank, 2004a). The United Nations established a goal of halving the proportion of people without access to safe drinking water and sanitation by 2015 in the UN Millennium Development Goals (MDGs). It is projected to achieve the target in some countries; yet, it is difficult in other countries.

### **1.1.1 Challenges of strategy implementation**

The survival and growth of organizations will certainly depend on their ability to conceive competitive strategies and their eventual implementation. Beer and Eisenstat (2002) support this perspective and states organizations must be open about barriers and their underlying causes. Some challenges cited by some scholars are as follows: Reed and Buckley (1988) lack of a fit between strategy and structure, excessive use of budgets, inappropriate management skills to drive strategy and poor identification of targets and coordination. Neely (1999) and Marginson (2002) also mentions cost minimization as opposed to value maximization as a challenge to strategy implementation. Strategy implementation is inextricably connected with organizational change. All organizations resist change and try to maintain the status quo, sometimes even if it yields unsatisfactory results. To translate planned intervention activities into actions that bring desired organizational outcomes requires incorporating numerous variables: individual behaviour, social factors, organizational arrangements, physical settings, and technology. Changing one organizational element has a ripple effect that impacts other parts of organization,

which in turn have their own ripple effects, and so on. Changing only one or two things seldom brings any significant overall organizational change. There are no "magic bullets" that would change the entire organization. To redirect your organization, you must address many overlapping and related issues, and the resulting impression of needing to change "everything at once" can be overwhelming.

Alghambi (1998) argues that, failure to keep time, poor coordination, and distraction from competing activities, tasks not well defined and inadequate information systems to support strategy implementation as challenges. Beer and Eisenstat(2002) identifies six killers to strategy implementation as: top down approach, unclear strategy and conflicting priorities, ineffective top management, poor vertical communication, weak coordination and inadequate down the line leadership skills. Sterling (2003) identifies challenges to strategy implementation as: unanticipated market changes, effective competitor response to strategy, insufficient resources, failures of buy-in, understanding and communication by those who are supposed to implement , strategy not being timely and unique, lack of strategic focus and poorly conceived strategies.

### **1.1.1 Reforms in the Water Sector**

The water and sewerage sector in Kenya has undergone comprehensive reforms in order to enhance management of the resource and deliver quality services to the citizens. The reforms were initiated after realization that the water resources potential was deteriorating due a number of issues and challenges. These problems could not be addressed by the water sector effectively as it was mainly a centralized system with a top down approach. A water sector crisis in Africa followed the recessionary conditions of the 1970s, when many suppliers found themselves in a

financial vicious circle caused by a decline in government funding of capital expenditure, low tariffs, low billing, low revenue collections and increasing demand for water (Shirley, 2002). The neoliberal solution to problems in the water sector has been privatization. However, the experiments of more than a decade have shown that privatization of water services was a poor policy prescription UNDP (2006: 92). Problems have been associated with the difficulty of establishing competitive market structures (Kirkpatrick et al., 2006), ineffectiveness of regulation in the presence of information asymmetries and incomplete contracts (Martimort, 2006), and negative welfare effects (Dagdeviren, 2006).

### **1.1.3 Nairobi Water and Sewerage Company**

Nairobi Water Sewerage Company was established in December 2003 as the leading provider of quality water and proper sewerage to the residents of Nairobi and adjoining areas. The company was formed to provide water and sewerage services to over 3 million residents of Nairobi. Nairobi Water Company achieves its objective by proper utilization of available resources in an effective manner. Though fully owned by the Nairobi City Council, an independent board from key stakeholders from Nairobi was appointed to run the Company on commercial principles in line with the new Water Act. The new company faced a raft of problems: more than 2,000 staff inherited from the City Council; a six month backlog in billing among its consumers; a customer data base that had not been updated for several years. In addition, less than 10 % of its operations were computerized. Consumers also frequently faced water shortages and illegal connections were rampant. Few customers had little confidence in the water services. With the adoption of the Water Act 2002, all Kenyan municipalities are obliged to reform their water services along

‘business’ lines. Water is not only a social good but also an economic good and water services have to be managed “in accordance with sound business principles”

Water governance has been identified as a key issue in water resources management as well as water services delivery, especially in sub-Saharan Africa (Krhoda 2008). The first attempt to ‘reform’ the water sector came as early as 1974 when the first National Water Master Plan was launched (Kisima 2007). The primary aim of the Plan was to ensure availability of potable water, at a reasonable distance, to all households by the year 2000 – under the legal framework of Water Act Cap 372. In line with the Plan, the government upgraded the Department of Water Development of the Ministry of Agriculture into a fully fledged Ministry of water to coordinate actors involved in the provision of water and sanitation services (Mumma 2005; Kisima 2007; Gakuria 2008). However, the Ministry lacked financial resources and the Plan was not sustained. As the needs of the country changed over time, there were various government policy pronouncements. Among them was the Sessional Paper No. 1 of 1986 on Economic Management for Renewed Growth from which the government spelt out strategies for provision of basic services and reforms necessary to accelerate economic growth (Government of Kenya 1986).

The revenue collection effort is a collective responsibility of several sections within the company. The billing section is responsible for processing accurate and timely bills and at the same time safeguarding the maintenance of valid billing data. The Customer Relations is responsible for ensuring delivery of quality services across all the commercial centres as well as maintaining customers’ data. The Regional Managers are responsible for all the commercial

functions for which they functionally report to the Commercial Director on matters pertaining to the Directorate.

All water connections shall be metered and a meter which is the property of NAWASCO will be provided to the customers on a monthly rental basis charged in accordance with the company's tariff structure depending on the size of the meter. Where a customer doubts the functionality of their meter, they shall apply for a meter test and pay the requisite fee upon which the test shall be carried out within fourteen (14) days. Quality billing systems shall be employed to provide a billing process that complies with the best practice of billing and bill distribution principles. If a billing error is discovered, the Billing Quality Officers shall recommend corrective action to be taken in the subsequent bill and notes explaining the action appended to customer account. Bills are payable within seven (7) days from invoice date. The company however faces challenges in trying to collect maximum revenue. These challenges are; losses due to low meter coverage, collusion between interface staff and customers, meter readers' inefficiency in providing accurate readings, weakness in detecting faulty meters in time, reversal of meters by dubious customers, inaccurate bills, illegal connections and/or reconnections, incomplete database, non billing or late billing.

## **1.2 Statement of the Problem**

Public sector utilities in developing countries have often not been efficient in providing access to reliable water and sanitation services. Worldwide, over a billion people lack access to improved water sources and 2.6 billion lack access to appropriate sanitation. Countries across the world are increasingly looking to the private sector for help in providing needed water services. Towards

this end, privatization of water and sanitation services is viewed to be a cost effective method of service delivery that also enhances quality and performance. The essence of local authorities privatising the provision of water and sewerage services is to ensure a better and more efficient management of water and sanitation services. However, the implementation process challenges relate to proper design and implementation of revenue collection strategy and management principles. The rapidly growing urban demand for safe and affordable water and sewerage services is already a daunting challenge for many local authorities. Not only are the numbers of people who need better water and sewerage services supplies very large; water and sewerage services itself is becoming scarcer (UN-HABITAT 2007). The provision of water and sewerage services has remained one of the challenges to the government for a long time. With the increasing growth in population and the subsequent socio economic pursuits, including urbanization, industrial production, tourism and agricultural activities, demand for water and sewerage services has increased rapidly. The demand for water and sewerage a service has already reached its highest demand point. The challenge which the NAWASCO has been facing is the implementation of its revenue collections strategy in order to maximize revenue from the services it renders to the inhabitants of Nairobi.

Mwambigu (2002) focused on the influence of changed strategy on revenue collection by Kenya Revenue Authority. The findings of the study brought out the challenges of revenue collection, computerization, corporate culture, introduction of targets and performance appraisals and the establishment of the tax payers' education and information sciences. Chune (1998) did a study in business environment in Kenya and concluded that the changing business environment is likely to be the norm in the business world and therefore firms should anticipate the influence of

the external environment. The studies conducted above have not addressed the challenges faced by Nairobi Water and Sewerage Company in implementing revenue collection strategy. This problem statement portrays the challenges that NAWASCO faces in implementing its revenue collection strategy in the city.

### **1.3 Objective of the study**

The objective of the study is to investigate the challenges of implementing revenue collection strategy at the Nairobi Water and Sewerage Company.

### **1.4 Value of the Study**

It is hoped that this study will be useful to other local authorities who have set up a water and sewerage company as they will be in a position to understand the challenges they should expect to hinder them in the course of revenue collection. To the water and sewerage company (NAWASCO), it will help to reveal the areas that affect mostly revenue collection which leads to lower service delivery to the residents of the city.

This study will benefit the government especially the Ministry of Local Government for making policy decisions whose overall objectives are to accelerate the rate of growth in the water and sewerage sector. The study is expected to increase body of knowledge to the scholars on service delivery by the water and sewerage companies and especially make them in touch with the internal and external factors influencing service delivery by these companies. It will be of importance to the top management of the company and the City Council of Nairobi as it will help to facilitate increased revenue collection resulting from effective strategy implementation to combat the challenges. The recommendations of this study will form part of the action plans that



will help in enhancing revenue collection. This is because management will be able to make informed decisions on issues of manpower development and quality of service delivered.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

Water and sewerage services are fundamental to all forms of life and must be protected as a common resource, public good and human right. Water and sewerage services have been recognized as a human right in numerous international treaties and declarations, as well as by the UN Committee on Economic, Social and Cultural Rights in November 2002. The human right to water and sewerage services is essential for achieving other human rights and international development commitments in critical areas such as sustainable development and poverty eradication.

Many studies indicate that the majority of people worldwide are moving to towns/cities. According to Mwanza and Kariuki (2003), it is expected that over 50 per cent of the population in African countries will reside in urban areas by 2020 and that 20 to 50 per cent of urban residents will not have reliable access to water and sanitation services. Studies also estimate that at present about half the urban population in Sub-Saharan Africa does not have adequate access to water and an even higher percentage lacks adequate access to sanitation. The bottom-line argument is that water and sanitation systems that are properly designed, implemented and managed can offer services over a wide coverage area and at reasonable cost.

### **2.2 Theories and concepts of strategy implementation**

Theories of strategy implementation demonstrate that strategies create a competitive edge for a firm. While this strategy implementation might be necessary for optimal strategic use, they are not sufficient conditions. In addition, a firm's choice to use a certain strategy depends on the costs of strategy formulation and implementation.

### **2.2.1 Systemic theory**

Systemic theory argues that economic activity cannot be placed in a separate sphere of impersonal financial calculation because of our social embeddedness. Economic behavior is embedded in a network of social relations; families, the state professions. These networks influence both the means and the ends of action, defining what appropriate and reasonable behavior is for their members. Thus, personal histories which include educational background, religion, gender, family position, and ethnicity all shape economic activity. This social constructivist view suggests that the norms which guide strategy implementation are not cognitive (Huff 1990), but cultural. Culture, defined as a series of social systems, effects and is affected by firms, industries and economies (Gergen 1994). Whittington (1993) argues that even with the growth in overseas trade and foreign investment, the peculiarities of history and society still matter.

### **2.2.2 The Classical theory**

According to Whittington (2002), for classicists profitability is the highest goal of business and rational planning as the means to attain it. The strategic aim of a business is to earn a return on capital, and if in any particular case the return in the long run is not satisfactory, the deficiency should be corrected or the activity abandoned. This theory requires that managers be ready and capable of adopting profit-maximizing strategies through rational long-term planning.

### **2.2.3 Evolutionary theory**

According to this theory, evolutionary approaches do not rely on top management's skill to plan and act rationally. Instead of depending on managers, they believe that markets will determine profit maximization and not the managers. Whatever methods the managers will adopt, the best performance will be the ones that survive. Rational methods are not the basis for this approach because it is 'evolution that is nature's cost-benefit analysis' (Einhorn and Hogarth 1988).

Competition is not overcome by detached calculation such as in classical perspective but by constant struggle for survival in the jungle. The biological principle of natural selection is at the core of evolutionary theory wherein the most apt strategies often translate in the best performance allowing them to survive and progress. The weaker performers are driven out of the

## **2.3 Strategy implementation challenges**

Strategy formulation and implementation is an on-going, never-ending integrated process requiring continuous reassessment and reformation. However, there are some challenges which affect the implementation of the strategy in NAWASCO and they include;

### **2.3.1 Lack of focus**

A corollary to the need for timeliness and distinctiveness is the need for strategic focus. Some companies try to be all things to all people. As a result, they lack distinctiveness, but importantly, they also lack focus. As a result, resources are dissipated and priorities are never clearly articulated. With little sense of prioritization, employees are a bit like carnival plate spinners – always frantically working to keep things from collapsing, but never really making progress, Giles (1991).

### **2.3.2 Unanticipated market changes**

Strategies often fail because the market conditions they were intended to exploit change before the strategy takes hold. Products life cycles are shorter, disruptive technologies emerge with greater frequency, and financial markets can be fickle. And, many markets are experiencing rapid, discontinuous change. Larry Downes (The Industry Standard, 2001) makes this point

persuasively based on his research into strategy execution mistakes. Specifically, Downes finds that “technology challenges the old rules and assumptions” and creates daunting “external obstacles to execution”.

### **2.3.3 Bad strategy – poorly conceived business models**

Sometimes strategies fail because they are simply ill conceived. Some telecommunications start-ups, some of their business models were flawed because of a misunderstanding of how demand would be met in the market. That is, their strategies did not include some means of connecting customers at the local level (i.e. through the assets of incumbent local exchange carriers), Marginson (2002).

### **2.3.4 Effective competitor responses to strategy**

Fundamentally, strategy is about out-performing the competition – but a strategy can be foiled by a highly effective response by a key competitor. Ultimately, to effectively anticipate competitors’ reactions to a strategy, a company needs a solid competitive intelligence capability. This does not require one to conduct corporate espionage to access competitive secrets. Rather, it requires that companies understand competitors’ market positions, their relative competitive advantages and disadvantages, their historical behaviour vis-à-vis competitive strategy, and the general disposition of their respective management teams, (Guffey and Nienhaus 2002)

### **2.3.5: Timeliness and distinctiveness**

Some strategies fail because someone beats the company to market with a similar idea or strategy. Similarly, some strategies fail because they leave the company undistinguished in the

market (i.e. others are pursuing the same strategy and/or market position). Fundamentally, a good strategy should distinguish the company from others in ways that make a difference to customers. CEOs should be encouraged to take three simple steps in developing a distinctive strategy understand the company's genuine strengths (particularly those that span multiple functions), examine the marketplace to understand what market positions are (or may be) unoccupied, focus the company's strategies on bringing its verifiable strengths to bear in capturing those unoccupied strategic positions, (Beer and Eisenstat 2002).

## **2.4 Empirical review**

Bateman and Zeithaml (1993) state that effective managers are not necessarily true leaders however the positions they occupy offer them an opportunity for leadership. The two authors go further to give a comparison between managers and leaders. Managers deal with day-to-day complexities of organizations while true leaders manage effectively and devote their attention to orchestrating change. Managers engage in planning and budgeting routines, structure organizations, staff it with capable people and monitor activities. Leaders on the other hand set the direction of organisations by creating a vision for it, inspire people to attain the vision and keep people focussed on moving the organisation towards its ideal future, motivate them to overcome whatever obstacles are in the way, make important decisions that may rock the boat but are humane, moral and right. They also foster innovation and attainment of long term goals. Leadership is therefore the process in which an individual influences other group members towards the attainment of groups or organisational goal (Shackleton, 1995).

The fatal problem with strategy implementation is the de facto success rate of intended strategies. In research studies it is as low as 70%, (Hannagan 2005). Despite this abysmal record, strategy implementation does not seem to be a popular topic at all. Infact, some managers mistake implementation as a strategic afterthought and a pure top-down-approach. Instead, management spends most of its attention on strategy formulation. This can be documented by the focus on strategy formulation in strategic management literature. To resolve this, strategic management should accomplish its very own shift of emphasis by moving from a 90:10 concern with strategy formulation relative to implementation to a minimum 50:50 proportion with each other (Oakland, 2002). Strategy implementation is an enigma in many companies. The problem is illustrated by the unsatisfying low success rate (only 10 to 30 percent) of intended strategies. The primary objectives are somehow dissipated as the strategy moves into implementation and the initial momentum is lost before the expected benefits are realized. This article discusses how a successful implementation is a challenge that demands patience, stamina and energy from the involved managers. The key to success is an integrative view of the implementation process

## **2.5 Technical and cultural problems**

Technical factors are the use of technology including design, engineering, procurement, equipment, installation and its compatibility with accomplishment of project objectives. Cultural factors are the values that guide people's actions, and the behaviour of administrators. Cultural misfit of the project objectives and a lack of local knowledge and understanding can result into rejection of the project by the intended beneficiaries, (Ngigi and Macharia2006).

### **2.5.1 Managing with old and dilapidated infrastructure**

The water and sanitation company inherited old, dilapidated and in some cases obsolete infrastructure from the local authorities, the National Water Conservation and Pipeline Corporation and/or the Ministry of Water and Irrigation. The existing water supply networks (i.e. piping) have long passed their economic life which increases the unaccounted-for-water through frequent bursts and leakages. For example, some of the pipes date back to the 1920s. Furthermore, the water supply networks are serving more people than they were initially designed for. So far, rehabilitation of the existing infrastructure is yet to be fully achieved, Owuor *et. al* (2006).

### **2.5.2 Old staff in a new outfit**

All the water companies have inherited employees previously employed in the Department of Water and Sewerage of their respective local authorities and others from the Ministry of Water and Irrigation. Only the directors and managers have so far been hired competitively. Besides having a cost implication this action brings into question the kind of employees the company has been forced to inherit. These employees, although in a new outfit, are likely to be slow or not ready to adapt to the reforms. For example, some employees have carried to the companies their previous corrupt practices and inefficiencies denting the corporate image of the companies, Owuor *et. al* (2006).

### **2.5.3 Inadequate capacity to manage the increasing demand for water**

The populations in these municipalities have increased and will continue to do so. A major challenge to the water companies will be to provide enough water, in quantity and quality, to the



increasing population, (Ngigi and Macharia 2006). Presently, the company is yet to meet the daily water demand of their respective municipalities. This supply-demand shortfall has resulted in frequent water shortages and the now familiar water rationing. In an effort to increase the production of water, the water companies have embarked on rehabilitating their water pumping stations and (old) distribution networks; constructing new intake pumping stations; installing new water pumps; and increasing the pumping hours, (Owuor et. al 2006).

#### **2.5.4 Limited resources and high costs of operation and maintenance**

According to Mwanzia and Kariuki (2003), as much as the water companies are supposed to run as commercial enterprises, they are incurring very high operation and maintenance costs, compared to the revenue they are collecting. This brings into question the economic viability of the companies. In addition, limited resources affect the achievement of the well-written and ambitious strategic plans, business plans, performance contracts and benchmarks, which have come to be synonymous with the water companies. Sometimes the companies are not able to achieve them at all. The recent increase in electricity tariffs in the country are a further burden to the water companies who rely largely and sometimes wholly on electricity to pump water not only from the treatment plants to the consumers but also from the water intake points to the treatment plants. A pumping scheme is much more expensive to run than a gravity scheme.

#### **2.5.5 Local political interference**

In its strategic plan (2007-2012), NAWASCO points “local political interference” as one of the risks towards good governance, financial resource mobilization, promotion of efficient utilization of resources and effective communication to stakeholders and customers (NAWASCO 2007). It

can be argued that political interference is bound to occur given the fact that the water companies are wholly owned by the local authorities which are by their very nature political. Politicians will always have a tendency of interfering with proposed water projects and appointment of Board of Directors.

### **2.5.6 Public or private companies?**

It is not clear whether the water company is private or public limited companies. Whereas under the Companies Act, water and sanitation companies are registered as private, limited liability companies, they are 100% publicly owned by the local authorities and are managing public assets to give an essential public service, Krhoda (2008). Moreover, the company is run by Board of Directors representing the various stakeholders involved. However, it is difficult for stakeholders in the Water Services Boards and Water Service Providers to hold their Directors and top managers accountable as they are not shareholders strictly speaking.

### **2.5.7 Corruption and Governance issues**

In areas where privatization has taken off on a sound basis, there are still governance issues that remain to be addressed. According to a joint report prepared by the World Bank and Ministry of Water, ‘only about 42 per cent of households have actual connections serviced by Nairobi City Council Water and Sewerage Department. Unaccounted water is in excess of 50 per cent.’, illegal water connections by unscrupulous people has led to the loss of millions of shillings by the company because the water is unaccounted for. Whereas the government has a social contract with its citizens, certain autonomous companies formed under the water Act 2002 are pursuing profit as opposed to social goals. This has caused concern that the water Act does not adequately

safeguard the interests of the poor (mostly women), especially from price increases. In cases where residents trek long distances to access water or sanitation places women especially are in danger of becoming victims of physical violence. These water-related challenges are intrinsically linked to sanitation services. Most slum households, for example, do not have toilet facilities; thus, residents are obliged to go to commercial toilets or to adopt unorthodox toileting means and strategies, such as using plastic bags that are disposed of haphazardly. It has also been argued that the decision-making power of local governments in most African countries is limited in face of a highly centralized political, tax-revenue -raising and administrative authority. Despite indications of support for decentralization, local governments and cities in general are inhibited in making major investment decisions, adopting long-term plans, signing concession contracts or introducing structural and institutional reform without the approval of the central government authority (Brockemhurst and Janssen 2004).

## **2.6 Staff factors in an organization**

These are factors which affect employees performance in the organization directly such that they cannot carry out the tasks assigned to them appropriately. It is the management task to ensure that the employees steer in the right direction, as well as being prepared to deal with the less frequent but more fundamental changes of direction that occur from time to time.

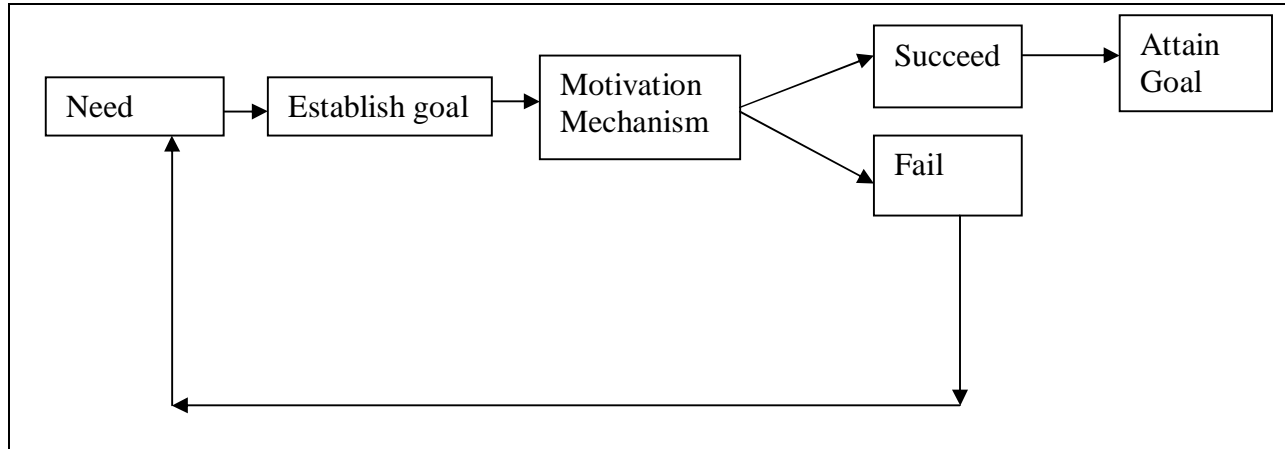
### **2.6.1 Staff Motivation**

Reward and recognition are some of the ingredients of motivation. They can be defined as benefits – such as increased salary, bonuses and promotion – which are conferred as public acknowledgment of superior performance with respect to goals (Juran and Gryna, 1993).

Rewards for quality efforts appear to have a significantly positive relation to employee morale (Kassiciah and Yourstone, 1998). This seems to be very true in most cases whereby if staff are rewarded they are motivated to work extra hard and make better financial performance for the organization so as to encourage the employer to keep rewarding them especially as far as their salaries or wages are concerned. It is therefore very important that this research is carried out in order to determine if NAWASCO staffs are motivated people and if they are how that affected delivery of service to their clients has and vice versa.

The execution of a strategy depends on individual members of organization especially key managers. Motivating and rewarding good performance for individuals and units are key success factors in effective strategy implementation (Shirley, 1983). According to Cummings and Worley (2005), organizational rewards are powerful incentives for improving employee and work group performance. It can also produce high levels of employee satisfaction. Reward systems interventions are used to elicit and maintain desired levels of performance. To the extent that rewards are available, durable, timely, visible and performance contingent, they can reinforce and support organisational goals, work designs and employee involvement. Armstrong (2003) goes ahead and says that well motivated people are those with clearly defined goals who take action that they expect will achieve those goals. Such people may be self-motivated, and as long as this means they are going in the right direction to achieve what they are there to achieve, then this is the best form of motivation.

## The Process of Staff Motivation



Source: Armstrong (2004), " Management Theory and Practice" Pg.103.

### 2.6.2 Corporate / Organizational Culture

Corporate culture has been an important theme in management and business research for the past few decades due to its potential to affect a range of organizationally and individually desired outcomes such as commitment, loyalty, turnover intent, and satisfaction Robbins (2000). There is also a consensus that corporate culture is a management philosophy and a way of managing organizations to improve their overall effectiveness and performance. This is very true since in today's business environment, corporate culture is used as a powerful tool to quantify the way a business functions Gray (2003). Research has confirmed that corporate culture is able to influence the thoughts, feelings, interactions, and performance in organizations Kaila, (2003).

Robinson, (2000) defined organizational culture as a set of important assumptions that members of an organization share in common. They observed that every organization has its own culture and that an ordinary organizational culture is similar to an individual's personality. According to Kaila, (2003), recent research suggests seven primary characteristics of an organization's culture

which include, innovation and risk taking, attention to detail, outcome orientation, people orientation, team orientation, aggressiveness and stability.

## **2.7 Leadership and Management**

American Management Association defines management as, “an act of guiding human and physical resources into dynamic organizational units which attain their objectives to the satisfaction of those served and with a high degree of morale and sense of attainment on the part of those rendering service.” The emphasis here is attainment of objectives. Scholes (2002) is of the opinion that management is the principal activity that makes a difference in how well organizations serve people affected by them. How successful a firm is in terms of achievement of its objectives and social responsibilities as well, depends to a large extent on the Managers. If managers do their jobs well, an organization will most probably achieve its goal. He says that a Manager must be both efficient and effective. At first glance, a manager’s role is to organize, supervise, and control people so that there is a productive outcome to work. According to Barnet, (1998) organizations of one type or another are essential for productive work because they bring people together with raw materials and equipment in order to achieve a variety of goals.

## **2.8 Kenya’s water policy framework**

Kenya is not regarded as a water-rich country. This reality underscores the government’s move towards privatization of the water and sanitation sector. Even though the government indicates that privatization does not constitute a policy component for the sector, it is a discernible feature in its thinking about the water sector. According to Mutiso (1989), four-fifths of the country is arid and semi-arid and prone to drought. This justifies the need for the sustainable management

of the country's limited water resources. Water is one of the strategic sectors that have been targeted for reform as part of this wider divestiture by government from service delivery in the public sector. But for a long time, the absence of a law on privatization establishing legal parameters and framework on divestiture has been a major area of weakness and concern often creating uncertainty and vacuum. This could partly explain the problems encountered on water privatization. In spite of these steps, it must be recognised that Kenya is yet to develop a well spelt out policy on water privatization and management of water resources (krhoda, 2008).

## **2.9 Resources and Capacity**

According to Thompson et al (2007), effective strategy implementation depends on competent personnel and effective internal organizational systems. No organization can hope to perform the activities required for successful strategy implementation without attracting, motivating and retaining talented managers and employees with suitable skills and intellectual capital. The task of implementing challenging strategic initiatives must be assigned to executives who have the skills and talent to handle and can be counted on to turn decisions and actions into results to meet established targets.

## **2.10 Organisational Structure**

Organisations should be structured in such a way that it can respond to pressure to change from the environment and pursue any appropriate opportunities which are spotted (Lorsch 1967). Thompson and Strickland (1980) notes that while strategy formulation requires the abilities to conceptualise, analyse and judge, implementation involves working with and through other people and institutions of change. It is important therefore that in designing the structure and

making it operational, key aspects such as empowerment, employee motivation and reward should be considered. Owen (1982) agrees that strategy and structure need to be matched and be supportive of each other in order to achieve objective set. Structure (Thompson 1997) is the means by which the organisation seeks to achieve its strategic objectives and implement strategies and strategic changes. Strategies are formulated and implemented by managers operating within the current structure. It also provides managers with a vehicle to exploit fully the skills and capabilities of the employees with minimal costs and at the same time enhance the firm's capacity to achieve superior efficiency, quality, innovation and customer responsiveness (Pearce and Robinson, 2007).



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter describes the proposed research design, data collection and the techniques for data analysis that will be used.

### **3.2 Research Design**

The study was modelled on a case study design. Kothari (1990) defines a case study as a powerful form of qualitative analysis and involves careful and complete observation of a social unit be it a person, family, cultural group or an entire community and/or institution. The study focused on challenges faced by Nairobi Water and Sewerage Company in revenue collection. The results provided an insight in understanding the factors that affects the amount of revenue collected by the company. The researcher held an in-depth interview with members of the management team who were considered as the key informants for this research.

### **3.3 Data Collection**

The study used both primary and secondary data. Primary data was collected through a face to face interview with the researcher. An interview guide was used to collect data on revenue collection challenges. The respondents consisted of 12 members of management team. These respondents are involved in the management of the company and others are involved in the day to day running of the company. The Board is involved in overseeing the implementation of policy issues while the management team comprise of the Manager, Deputy Manager and all the

departmental directors. Secondary data was collected from organization's documents such as annual reports on the amount of revenue the company has been receiving.

### **3.4 Data Analysis**

The data collected was qualitatively analyzed by use of content analysis techniques. The information was analyzed and evaluated to determine their usefulness, consistency, credibility and adequacy. The content analysis technique was used because it assists in making inferences by systematically and objectively identifying specific messages and then relating them with their occurrence trends. Similar studies in the past like those done by Armule (2003), Kandie (2001) and Njuguna (2009) used this technique of content analysis to analyse data collected from a case study.

## **CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS**

### **4.1 Introduction**

The research objective was to establish strategy implementation process at SJCC. This chapter presents the analysis and findings with regard to the objective and discussion of the same.

### **4.2 Interviewees Description**

The interviewees consisted of two members of Board of Management, Manager, Deputy Manager and all the departmental directors. The interviewee did not manage to interview the two board of management representative as they were not available during the period of the interview. All the other interviewees have had experience on strategy formulation as they have worked in the organization for more than four years. The level of education helps an individual to carry out it tasks without much supervision and this is an asset to NAWASCO as the interviewees level of education was university level and above.

### **4.3 Challenges facing revenue collection**

The company faces several challenges in the revenue collection which includes;

#### **4.3.1 Service delivery in NAWASCO**

The respondents indicated that the company has tried its best to ensure that they offer the city residents with the best services but this has been hampered by several factors like having to deal with employees who previously served in other departments who do not embrace the idea of

change which translates to low revenue collection, limited resources and high costs of operation and maintenance, local political interference since the water company is wholly owned by the city council of Nairobi which by its very nature political, since the companies do not own the assets, they are only allowed to do minor investments. Water Services Boards who own and manage the assets are the ones responsible for investment. Despite the efforts towards controlling, reducing and stopping this unsustainable habit from the consumers, the company is concerned about the persistence of illegal connections, not only in low income areas as one would expect, but also in other parts of the city.

The researcher found out that the company has put in place expensive measures in order to improve revenue collection. These steps include; customer orientation which leads to customer satisfaction, which in turn leads to higher profitability, ensuring there is harmony in different systems of water resources information management, ensuring there is political will in water resources management, working with the local community in order to ensure that there is no encroachment and destruction of water catchment areas thus ensuring continuous supply of water to the city, recruiting some new staff who can fit to the system, replacing the old and dilapidated infrastructure in order to ensure that the infrastructure serves the residents accordingly.

All interviewees confirmed that the company do not have good infrastructure as they still use the old and dilapidated ones which has existed for a long time. The usage of the old infrastructure is due to the fact that the Water Services Boards who own and manage the assets are the ones responsible for investment and therefore the company cannot invest majorly in improving the infrastructure. Furthermore, the water supply networks are serving more people than they were

initially designed for. So far, rehabilitation of the existing infrastructure is yet to be fully achieved. The company has not computerized all its facilities but the respondents said it has made a stride as the key sections have been computerized which has made service delivery in the company easier.

#### **4.3.2 Company respond promptly to customers complain**

It was established that the company does not respond to customers' needs promptly, although the duration it takes to respond to the complaint has reduced significantly compared to the time the company was formed and the subsequent years. It was established that as a result of water pipe burst, the company employees does not respond fast enough to repair the pipe as the strategy which the company uses is the top to down strategy which all the employees wait to be given the orders to go and repair the burst pipe thus at times the sewage lines could take a longer time to be repaired which cause serious health risk to the city residents. The researcher found out that the company employees do not have a positive attitude towards the work they are assigned to do as the working conditions are not favourable. This is because the company has not effectively done enough to improve the employees' welfare of the employees which is a necessity for the company to ensure its strategy for improving revenue collection is achieved.

The findings show that the company inherited some of the employees previously serving in other departments and therefore they do not embrace the idea of change since they were used to lesser non supervised work and therefore they could at time leave the office during working hours in order to pursue their own businesses. According to the interviewees, the company does not remunerate its employees adequately as there are employees who earn very low income and that

are why the employees engage themselves in acts of corruption in order to supplement their income.

The interviewee found out that the company staff do not have a positive attitude towards their work and the interviewees cited favouritism in promotion, poor staff recruitment, inadequate staff in service areas, staff not being aware of organization mission, staff not being satisfied with their jobs, staff also confirmed that they are not being paid well, staff are not aware of their expectations, there is no good relations among staff, inadequate staff performance, staff not sensitive to complains, lack of staff accountability, adequate staff training, lack of staff commendation for any good job done.

#### **4.3.3 Company remunerate its staff adequately**

The researcher found out that the company does not remunerate its employees adequately and therefore there is some great discrepancy in remuneration among the top management who are paid handsomely and the lower cadre employees whose remuneration is little. Remuneration of an individual is a way of motivation and therefore the low remuneration demoralizes the employees to the extent that they are unable to deliver on what they are expected of them.

#### **4.3.4 Fair and justified promotion of staff**

The interviewees said that the promotion of staff was not fair and justified and these signals a disaster in the company as the other employees will use all available means to sabotage the operations of the company as a way of retaliation for lack of transparency in promotion. The

management should institute measures to ensure that the company promotes employees based on merit and not other crooked means like bribe and engaging in corruption in order to be promoted.

#### **4.3.5 Staff and management maintain good relations**

The researcher found out that the management and the staff do not maintain good relations and these could affect the implementation of the strategy as the employees are the ones tasked with the responsibility of implementing the strategies which the management has agreed to be implemented. The interviewees highlighted the following factors as causing the bad relations; top – down approach being used by the organization to design and implement the strategies, lack of forums like meetings and workshops and lack of feedback to the employees on implementation of strategy. However for effective and up to date strategies the interviewees were of the opinion everybody should be made aware of the annual operation plan, improve communication on strategy implementation downwards and making use of competent staff. This will enable the management to keep abreast with any issues that might emerge and recommend corrective measures before any damage is done and continuous internal review should be done regularly.

#### **4.3.6 The company have accurate information on number of complaints received from the customers**

It was noted by the interviewer that the company do not have accurate information on the number of complaints received from the customers as some of the complaints are dealt with immediately and therefore does not necessitate documentation while only those complaints

which have been documented are the ones which needs more time to be dealt with and therefore needs documentation.

#### **4.3.7 The company regularly collect feedback from its customers on service delivery**

The organization needs determines the frequency of strategy communication to the implementer and this may have prompted the organization to be reporting on monthly as well as quarterly, bi-annual and annual reports on progress. The reports ensure that the organization is on track to achieving its objectives as they can deal with any challenge on the way which may affect the attainment of its objectives.

#### **4.3.8 The management take into consideration other staff members' contribution in making decisions**

The staffs of an organization are an important asset which should be taken care of and its interest considered adequately. NAWASCO did not consult its staff members and therefore they were not party to the decisions which have been reached by the management but instead they are supposed to implement the agreed upon decisions.

#### **4.3.9 The company moves with technology**

The interviewees acknowledge that the company has tried to implement some technology within the company especially the section dealing with customer information where a customer can pay their bills in other places and its account updated but at the same time some of the interviewees said there is too much to be done in order for the company to be said to move with technology as majority of the work are still done in paper work.



## **4.4 MANAGEMENT AND CORRUPTION**

Management to include the process of coordinating work activities so that they are completed efficiently and effectively where efficiency is getting the highest output at least cost and effectiveness is doing the right things. The management should be in the forefront in combating corruption.

### **4.4.1 The company plan in advance in case of water shortage**

The interviewees said that the company does not plan in advance in case of water shortage because the company mainly depends on the water from Thika Dam/ Ngethu Water Works, Sasumua, Ruiru Dam/Kabete Water Works and Kikuyu Springs which depends on some tributaries to feed them with the water. The water levels usually goes down during the dry season and that is the time which spells doom to the residents as they have to do without water as the company is usually found unprepared .

### **4.4.2 The company operate independent of political interference**

According to the interviewees, the company does not operate independently of political interference as the company in its (2007-2012) strategic plan, the company pointed out that political interference was one of the risks towards good governance, financial resource mobilization, promotion of efficient utilization of resources and effective communication to stakeholders and customers. Politicians will always have a tendency of interfering with proposed water projects and appointment of Board of Directors.

### **4.4.3 The management is aware of the company's shortcomings**

The interviewee response regarding whether the company was aware of its shortcomings was that, the company was aware of its shortcomings which includes non collection of garbage, sewerage pipes taking long to be repaired, persistent illegal connections which leads to water shortage in some areas, approximation of meter reading, collusion of staff with customers and poor financial management.

#### **4.4.4 The company ensure constant supply of water to its customers**

The respondents were of the view that the company does not maintain constant water supply to its customers throughout as at times they have to channel the water to other areas and these necessitates water disconnection to the other areas. In some other instances, there is no water supply completely and these has been attributed by the company to vandalism of water resources monitoring network, old and dilapidated infrastructure, the increasing demand for water, lack of autonomy to do major investment, persistent illegal connections and regular and sometimes very long power black-outs which interfere with pumping of water.

#### **4.4.5 Employees satisfied with the pay they receive**

The company employees according to the interviewees was that the employees are not satisfied with the amount of pay they were receiving and these will affect their morale as the reward for hard work should commensurate good pay which the company employees are not getting. The factors cited as hindering the company from paying handsomely its employees are limited resources and high costs of operation and maintenance, corruption and governance issues and lack of political will in water resources management.

#### **4.4.6 Existence Corruption in the company**

Corruption exists in the company and the interviewees felt that clients do not need to pay extra for the services they are entitled to receive. This therefore means that staffs do not need to ask for a bribe but the way they offer the service will in one way or the other compel the client to give a bribe to be served faster. Alternatively if the client is patient they can still be better salaries and wages will also reduce cases of corruption at the company so that an employee will do what is required of them without expecting any favours in cash or kind from the customers thus making the company service delivery more efficient. The interviewees strongly felt that the staff are not satisfied with pay, corruption exist at NAWASCO, staff are not straightforward in their transactions and clients are not satisfied with service delivery. Notable the respondents agree that clients need not to be corrupt to be served.

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1: SUMMARY**

In summary, the study shows that the company has tried its best to ensure that they offer the city residents the best services but has been hampered by factors like having to deal with employees who do not embrace the idea of change which translates to low revenue collection, limited resources and high costs of operation and maintenance, local political interference and since the companies do not own the assets, they are only allowed to do minor investments. The usage of the old infrastructure is due to the fact that the Water Services Boards who own and manage the assets are the ones responsible for investment and therefore the company cannot invest majorly in improving the infrastructure. Furthermore, the water supply networks are serving more people than they were initially designed for. The company has not computerized all its facilities but the respondents said it has made a stride as the key sections have been computerized which has made service delivery in the company easier.

It was apparent that the company does not respond to customers' needs promptly although the duration it takes to respond to the complaint has reduced significantly compared to the time the company was formed and the subsequent years. It was established that as a result of water pipe burst, the company employees does not respond fast enough to repair the pipe as the strategy which the company uses is the top to down strategy which all the employees wait to be given the orders to go and repair the burst pipe thus at times the sewage lines could take a longer time to be repaired which cause serious health risk to the city residents. It was found out that the company

employees do not have a positive attitude towards the work they are assigned to do as the working conditions which they are subjected are not favourable. This is because the company has not effectively done enough to improve the employees' welfare of the employees which is a necessity for the company to ensure its strategy for improving revenue collection is achieved.

Regarding whether the company employees are adequately remunerated, the interviewees said that the company does not remunerate its employees adequately as there are employees who earn very low income and that could be some of the causes of employees engaging themselves in acts of corruption in order to supplement their income. Respondents were of the opinion that the company employees do not have a positive attitude towards their work and they cited favouritism in promotion, poor staff recruitment, inadequate staff in service areas, staff not being aware of organization mission, staff not being satisfied with their jobs, staff also confirmed that they are not being paid well, staff are not aware of their expectations, there is no good relations among staff, inadequate staff performance, staff not sensitive to complains, lack of staff accountability, adequate staff training, lack of staff commendation for any good job done as the causes of poor attitude towards their work.

The respondents strongly agreed that promotion of staff was not fair and just confirming the fact that due to the absence of this aspect, service delivery in the company will be greatly affected. The researcher found out that the management and the staff do not maintain good relations and these could be as a result of top – down approach being used by the organization to design and implement the strategies, lack of forums like meetings and workshops and lack of feedback to the employees on implementation of strategy. It was noted that the company do not have

accurate information on the number of complaints received from the customers as some of the complaints are dealt with immediately and therefore does not necessitate documentation while those complaints which needs more time to be dealt with are the ones documented.

Feedback on service delivery varies from one organization to another. However, the company is reporting its feedback on monthly as well as quarterly, bi-annual and annual reports on progress. The reports ensure that the organization is on track to achieving its objectives as they can deal with any challenge on the way which may affect the attainment of its objectives. The interviewees said the company does not consult its staff members in making decisions and therefore they are not party to the decisions which are reached by the management but instead they are supposed to implement the agreed upon decisions. The interviewees acknowledge that the company has tried to implement some technology within the company especially the section dealing with customer information where a customer can pay their bills in other places and its account updated but at the same time some of the interviewees said there is too much to be done in order for the company to be said to move with technology as majority of the work are still done in paper work.

The water and sewerage service in the city is so complex that the company mainly depends on the water from Thika Dam/Ngethu water works, Sasumua, Ruiru Dam/Kabete Water Works and Kikuyu Springs which at times drops to very low levels to the extent that it cannot sustain the whole city. This necessitates advance planning which the company has in most instances been found unprepared. The interviewees cited political interference as the greatest challenge towards good governance, financial resource mobilization, promotion of efficient utilization of resources

and effective communication to stakeholders and customers. Politicians will always have a tendency of interfering with proposed water projects and appointment of Board of Directors.

It was noted that the company is aware of its shortcomings which includes non collection of garbage, sewerage pipes taking long to be repaired, persistent illegal connections which leads to water shortage in some areas, approximation of meter reading, collusion of staff with customers and poor financial management. The interviewees acknowledged that the company does not maintain constant water supply to its customers throughout as at times they have to channel the water to other areas and these necessitates water disconnection to the other areas. In some other instances, there is no water supply completely and these has been attributed by the company to vandalism of water resources monitoring network, old and dilapidated infrastructure, the increasing demand for water, lack of autonomy to do major investment, persistent illegal connections and regular and sometimes very long power black-outs which interfere with pumping of water.

The company employees according to the interviewees were not satisfied with the amount of pay they were receiving and these will affect their morale as the reward for hard work should commensurate with good pay which the company employees are not getting. The factors cited as hindering the company from paying handsomely are limited resources and high costs of operation and maintenance, corruption and governance issues and lack of political will in water resources management. Respondents strongly felt that corruption exists in the company and the clients do not need to pay extra for the services they are entitled to receive. Notable they agree that clients need not to be corrupt to be served.

## **5.2 CONCLUSIONS**

From the research findings and the answers to the research questions, some conclusions can be, made about the study.

Strategy formulation and implementation is very vital for the functioning of any organization. From the findings, it was established that the company has faced numerous challenges when they want to offer services to the city residents. These challenges include having to deal with employees who do not embrace the idea of change which translates to low revenue collection, limited resources and high costs of operation and maintenance, local political interference and since the companies do not own the assets, they are only allowed to do minor investments. The company has also not computerized its facilities and therefore this becomes a challenge when they want to serve a customer as they have to do majority of the work manually which hinders the realization of its objectives. The company does not also respond to the consumer complaints in time and these was attributed to the strategy in use which is top to down strategy which all the employees wait to be given the orders to go and respond to the customer complaints or repairs. The company employees do not have positive attitude towards the work they are assigned to do as the working conditions which they are subjected to are not favourable. This is because the company has not effectively done enough to improve the employees' welfare of the employees which is a necessity for the company to ensure its strategy for improving revenue collection is achieved.



The company employees are a great asset to the company and therefore their welfare should be sufficiently taken care of by being well remunerated but in this case the company does not because majority of the employees are not well remunerated as there are employees who earn very low income and that could be some of the causes of employees engaging themselves in acts of corruption in order to supplement their income. The company employees do not have a positive attitude towards their work and they cited favouritism in promotion, poor staff recruitment, inadequate staff in service areas, staff not being aware of organization mission, staff not being satisfied with their jobs, staff also confirmed that they are not being paid well, staff not aware of their expectations, lack of good relations among staff, inadequate staff performance, staff not sensitive to complains, lack of staff accountability, lack of adequate staff training, lack of staff commendation for any good job done as the causes of poor attitude towards their work.

The study carried out at NAWASCO has indicated that there is no fair and just promotion of employees in the company thus affecting delivery of service to the city residents. Also, there are no good relations between the management and the staff these could be as a result of top – down approach being used by the organization to design and implement the strategies, lack of forums like meetings and workshops and lack of feedback to the employees on implementation of strategy. It was noted that the company do not have accurate information on the number of complaints received from the customers as some of the complaints are dealt with immediately and therefore does not necessitate documentation. The company is reporting its feedback on service delivery on monthly as well as quarterly, bi-annual and annual reports on progress. The

reports ensure that the organization is on track to achieving its objectives as they can deal with any challenge on the way which may affect the attainment of its objectives.

The company does not consult its staff members in making decisions and therefore they are not party to the decisions which are reached by the management but instead they are supposed to implement the agreed upon decisions. The company has tried to implement some technology within the company especially the section dealing with customer information. The company has not been able to guarantee constant supply of water and sewerage facilities throughout to the city residents as it has been caught unprepared in most cases. The interviewees cited political interference as the greatest challenge towards good governance, financial resource mobilization, promotion of efficient utilization of resources and effective communication to stakeholders and customers.

It was noted that the company is aware of its shortcomings which includes non collection of garbage, sewerage pipes taking long to be repaired, persistent illegal connections which leads to water shortage in some areas, approximation of meter reading, collusion of staff with customers and poor financial management. In some other instances, there is no water supply completely and these has been attributed by the company to vandalism of water resources monitoring network, old and dilapidated infrastructure, the increasing demand for water, lack of autonomy to do major investment, persistent illegal connections and regular and sometimes very long power black-outs which interfere with pumping of water. The findings indicates that the company employees are not satisfied with the amount of pay they were receiving and these will affect their morale as the reward for hard work should commensurate with good pay which the company

employees are not getting. The factors cited as hindering the company from paying handsomely are limited resources and high costs of operation and maintenance, corruption and governance issues and lack of political will in water resources management. Respondents strongly felt that corruption exists in the company and the clients do not need to pay extra for the services they are entitled to receive. Notable they agree that clients need not to be corrupt to be served.

### **5.3 RECOMMENDATIONS**

The study recommends the following: The organizations strategy is an important component which an organization should ensure that it succeeds. The company should conduct regular meetings with the company employees to sensitize them of the need to adapt to new working environment which requires them to work extra hard in order for the company to realize its objective of giving good services to the city residents. The company should liaise with the Water Services Board so that they can replace the old and dilapidated infrastructure which is known to burst regularly thus depriving the residents the kind of services which they desire. The company should appreciate the changes taking place in the world and therefore appreciate the use of technology by computerizing its offices as it has made work easier in other fields.

It is recommended that the company puts in place mechanisms which ensures that the company responds to the customer's needs promptly so that the customers do not feel disadvantaged by been made to suffer for a long time without being attended to. Attitude towards work determines an employee commitment to the work and therefore the company should look into the causes of poor attitude by the employees and come up with the solutions so that the strategy advanced by the company can succeed. In view of the results findings regarding employee remuneration, it is

recommended that the company should remunerate its employees handsomely so that the employees can be committed to ensuring that the company strategy of increasing revenue succeeds and also to discourage them from engaging themselves in acts of corruption.

There should be better remuneration for the staff so that they are motivated to work even if it means for long hours knowing that they will be paid well. Better salaries and wages will also reduce cases of corruption at the company in that an employee will do what is required of them without expecting any favours in cash or kind from the customers thus making the service delivery more efficient. It is also recommended that the gap between the staff and management of the company be improved so that the two groups can work as a team without the feelings of inferiority or superiority that seems to have affected service delivery offered by the company. The company has the responsibility of ensuring that all the employees have equal opportunity of been promoted so that none of the employees feels that the company does not appreciate their services. It is also the duty of the management to maintain good relations with the staff by changing the communication strategy being used by the organization. The organizations strategy is implemented by the company employees and therefore they should be part and parcel of formulation of the strategy and not been required only when they are to implement the strategy and therefore the company management should put in place mechanisms to ensure that the employee representatives are involved in strategy formulation.

The company has in many occasions suffered as a result of water shortage occasioned by the changing weather conditions and therefore it is time that they put in place mechanisms to ensure that there is constant water supply throughout the year. As much as politicians will try to

interfere with the running of the company, it is time for the management to stand as an independent entity and serve the interest of the city residents and not the politicians. It is recommended that the management institute measures to deal with the shortcomings which they highlighted as having knowledge about. The company should sensitize its employees on the effects of corruption so that when they put in place mechanisms to discourage corruption, the employees knows the consequences.

#### **5.4 Recommendations for further Research**

The study confined itself to Nairobi Water and Sewerage Company. This research therefore should be replicated in other water and sewerage companies operating in the country and the results be compared so as to establish whether there is consistency among the water and sewerage companies.

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## **Appendix I: Introduction Letter**

**The managing Director,  
Nairobi Water and Sewerage Company  
P.O Box 30031  
Nairobi**

### **RE: MBA RESEARCH PROJECT**

I am a student at Nairobi University pursuing Master of Business Administration program. Pursuant to the pre-requisite course work, I would like to conduct a research project to assess the challenges facing Nairobi Water and Sewerage Company in enhancing revenue collection and this will involve interview with members of the board and management team as well.

I kindly seek your authority to conduct my research at the company through interviews and use of relevant documents. Your assistance will be highly valued. Thank you in advance.

Yours faithfully,

**KIRUI PAUL KIPLANGAT**  
D61/70906/2008

## Appendix II: Questionnaire

### Interview Guide

An investigation to the challenges faced by Nairobi Water and Sewerage Company in enhancing revenue collection

Kindly answer the following questions:

#### Part A: Background Information

1. Name of department.....
2. What is your designation.....
3. What is the highest level of education you have received?.....
4. How long have you worked in this organization?.....
5. What do/did you like best about the position/s you have held?.....
6. What do/did you like least?.....

#### Part B: Challenges facing revenue collection

The following is a list of questions designed to gather information relating to challenges facing NAWASCO in revenue collection.

1. According to your opinion, where is NAWASCO at in service delivery to its customers?
2. What steps has the company taken to increase revenue collection?
3. Does the company have good infrastructure to offer its services to its customers?
4. Has the company computerized its facilities?
5. Does the company respond promptly to customers complain?
6. In case of leakage of water does the company move fast to repair the pipes?
7. Does the staff have a positive attitude towards the work they are doing?
8. Does the company remunerate its staff adequately?
9. Is the organization's promotion of staff fair and justified?
10. Do the staff and management maintain good relations?

11. Does the company have accurate information on number of complaints received from the customers?
12. Does the company regularly collect feedback from its customers on service delivery?
13. Does the management take into consideration other staff members' contribution in making decisions?
14. Does the company moves with technology?

**Part C: Management and Corruption**

15. Does the company plan in advance in case of water shortage?
16. Does the company operate independent of political interference?
17. Is the management aware of the company's shortcomings? What mitigating measures have they taken?
18. Does the company ensure constant supply of water to its customers?
19. Are the employees satisfied with the pay they receive?
20. Does corruption exist in the company?
21. Do the clients need to be corrupt to be served?
22. As a NAWASCO staff what recommendations would you make to improve revenue collection at NAWASCO?