

**CHANGE MANAGEMENT PRACTICES AT KENYA POWER AND
LIGHTING COMPANY LIMITED**

BY

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DECLARATION

This Research project report is my original work and has not been presented for any award of degree in any other university.

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This Research project report has been submitted for examination purposes with my approval as the University supervisor

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DEDICATION

To my husband Duncan, my daughter Danielle, you were patient with me, and always prayed and encouraged me to get nothing but the best. Also you provided for me financially. God bless you.

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ACRONYMS AND ABBREVIATIONS

KPLC: Kenya power and lighting company

KENGEN: Kenya Electricity Generating Company Limited

MBA:Master of Business Administration

IPP's: Independent Power Producers

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ABSTRACT

Kenya power operates in a turbulent business environment in which nothing is constant or predictable. It is imperative therefore that organization develop strategies that will position them to succeed regardless of the environmental changes. Kenya Power and Lighting Company (KPLC) is the only licensed company for electricity transmission, distribution and supply in Kenya. In the past ten years, the company has undergone major changes in its business processes and portfolio as well as in its organization structure. This study sought to examine the change management practices in KPLC from 1995 to present when some of the major changes took place. The objectives of the study were to identify the change management models used by KPLC, factors that influenced the change management practices and methods used to control resistance to change. The case study relied on qualitative data gathered through interviews with KPLC senior managers who gave insights into the study subject. Analysis of the data was through content analysis. The study established that KPLC had three strategic change programmes in the period studied. It used both planned and emergent change management models in managing its strategic change. Both internal and external factors played major roles in determining how the change was managed. Resistance to change was encountered and diverse methods were used to control the resistance to change. The study identified that some of the change programmes were successful while one of the programmes was still ongoing in 2004 and was being carried out in a very turbulent environment. The study recommends that KPLC develops capacity to be a learning organization, being able to manage change as the environment changes.

CHAPTER ONE: INTRODUCTION

1.1. Background of the study

Change management is the process of taking a planned and structured approach to help align an organization with change. Change can originate from external sources through technological advances, social political or economic pressures. Or it can come from inside an organization as a management response to a range of issues for example, customer needs, costs or a human resource or performance issues. Change can affect a small area in the organization e.g. a department or the entire organization. There are essential principles and practices that help an organization to accept change. Change is an inherent characteristic of an organization and like it or not, all organizations, whether in public or private sector must undergo change in order to remain relevant.

In today's turbulent environment of organizations, change has become synonymous with standard business practices as long-term organizational ends have to be reformulated on an ongoing basis (Volberda, 2002). Market dynamics have created challenges for public organizations, with the emergence of the global economy, advances in technology, increased societal demands, and the need to provide more social services with fewer resources. There are several theories that have been advanced to explain this. Examples of these theories are resource-based, open systems and knowledge based theories.

According to Barney(1991), resource based view argues that firms possesses enough resources, part of which enable them to achieve competitive advantage, while the other part lead to superior long term performance. That advantage can be sustained over a longer time period enough for the firm to protect its resources against imitation, transfer

or substitution. Knowledge based theory considers knowledge as the most strategically significant resource of the firm. This is according to (Grant, 1996). These proponents argue that because knowledge is usually difficult to imitate and socially complex, heterogeneous knowledge bases and capabilities among firms are the major determinants of sustained competitive advantage and superior performance. This knowledge is also embedded in organization's multiple entities. Organizations that are open systems tend to interact more with their environment. Due to the openness of the system, if an organization is in constant interaction with its environment, then it will be responsive to external influences. By nature, organizations are open systems and this school of thought views them as being composed of a number of interconnected sub-systems. It follows that any change in one sub-system will have an impact on the other parts of the system and consequently on its overall performance (Burnes, 2004). This view is relevant to Kenya power and Lighting Company.

Many organizations continuously undergo change and Kenya Power and Lighting Company is not an exception. Its environment has become too turbulent and the changes experienced are happening at faster rates than never before. Many techniques used by the company on daily basis to manage their affairs tend to become outdated overnight. Customers are increasing and their demands are also increasing. To survive and grow, organizations must adapt to changes in their environment, if otherwise they lose their ability to compete. When the environment changes and the niche originally filled by the organization either becomes unimportant or is superseded, the organization must change or die. Since change is inevitable and the only constant thing, organizations must be ready to change or become irrelevant because their long term survival is pegged on

adopting changes as they occur in the environment. Thus Kenya Power and Lighting Company have applied several strategies and practices to help in dealing with the changes.

1.1.1. Change Management

Change management is the process, tools and techniques to manage the people side of business change to achieve the required business outcome and to realize that business change effectively within the social infrastructure of the workplace (Nadler 2001). Change in attitudes and behaviors can build a culture based on open communication, interpersonal trust, constructive handling of conflict, teamwork and collaborative problem solving. Organizations that have successfully managed change have been able to link strategic change with operational change and every aspect of the organization in relation to dynamic external environment. For an organization, change management means defining and implementing procedures and/or technologies to deal with changes in the business environment and to profit from changing opportunities.

In order to successfully manage change processes, managers need to know what changes to expect, the types and situations as well as possible problems likely to be experienced including causes of resistance and possible solutions. Successful change management strategies and practices must, therefore, include the people's component of change (Hofer and Schendel, 2008). Changes are successful when each employee who must do things differently has awareness, desire, knowledge, ability and reinforcement.

Change management requires tools, processes, skills and principles to be effective. The responsibility for managing change is with the management and executives of the

organization; they must manage the change in a way that employees can cope with. The manager has a responsibility to facilitate and enable change by understanding the situation from an objective standpoint (to 'step back', and be non-judgmental), and then to help people understand reasons, aims, and ways of responding positively according to employees' own situations and capabilities (Yazici, 2009). A good change management practice strategy is a critical success factor in implementation of changes in the organizations. Effective change management practices, therefore, requires to be approached from both an individual and an organizational perspectives.

1.1.2. Energy Sector in Kenya

The energy sector in Kenya is largely dominated by petroleum and electricity, with wood fuel providing the basic energy needs of the rural communities, urban poor, and the informal sector. An analysis of the national energy shows heavy dependency on wood fuel and other biomass that account for 68% of the total energy consumption (petroleum 22%, electricity 9%, others account for 1%). Electricity access in Kenya is low despite the government's ambitious target to increase electricity connectivity from the current 15% to at least 65% by the year 2022.

Kenya has an installed capacity of 1.48 GW. Whilst about 57% is hydro power, about 32% is thermal and the rest comprises geothermal and emergency thermal power. Solar PV and Wind power play a minor role contributing less than 1%. However, hydropower has ranged from 38-76% of the generation mix due to poor rainfall. Thermal energy sources have been used to make up for these shortfalls, varying between 16-33% of the mix.

Kenya's current effective installed (grid connected) electricity capacity is 1,429 MW. Electricity supply is predominantly sourced from hydro and fossil fuel (thermal) sources. This generation energy mix comprises 52.1% from hydro, 32.5% from fossil fuels, 13.2% from geothermal, 1.8% from biogas generation and 0.4% from wind, respectively. Current electricity demand is 1,191 MW and is projected to grow to about 2,500 MW by 2015 and 15,000 MW by 2030. To meet this demand, Kenya's installed capacity should increase gradually to 19,200 MW by 2030. Due to increased poverty there is a significant shift to non-traded traditional biomass fuels.

1.1.3. Kenya Power and Lighting Company

Kenya Power is a Kenya-based company engaged in the transmission, distribution and retail of electricity. It is a government Parastatal with the Kenya government owning 51% shareholding. The company was formed in 1922 and has undergone several transformations over the period to the current position in which the company is solely engaged in the transmission and distribution of electricity.

The Company's services are targeted at both individual and corporate customers. The Kenya Power has a customer base in excess of 2M. The Company operates in four regions, including Nairobi, Mount Kenya, Coast and West Kenya, and has a business turnover of about 45 billion shillings and profits after tax in the range of 2 to 3 billion shillings annually. Due to these devolvement and changing customer needs, it has been necessary for Kenya Power to continuously adapt new ways of handling its customers. It has started this by initiating and implementing Rebranding and Culture change program. A number of strategies and restructuring steps have been undertaken by the organization in meeting the changing business environment. These strategic changes include debt

restructuring entailing conversion of Kshs. 15.9 billion accumulated debt to preference shares. Increasing competition in generation by opening new projects to IPPs, thus overcoming capacity shortfalls by private sector investments, outsourcing of construction for new customer connections, implementation of system reinforcement substation projects aimed at achieving substantial technical loss reduction benefits; for example the new substations at OngataRongai, Kiambu, and Baba Dogo among others, as well as coming up with innovative ways of serving its customers.

Kenya Power is facing several challenges and how to manage their effects, including inadequate resources and rapid technological changes. While organizational change is a constant experience, knowledge and awareness about many of the critical issues involved in the management of such change is often lacking in those responsible for its progress. Clearly if organizations are ever to experience a greater level of success in their development efforts, managers and program officers need to have a better framework for thinking about change and an understanding of the key issues which accompany change management.

1.2. Research Problem

Change management is the process of taking a planned and structured approach to help align an organization with the change. It involves working with an organization's stakeholder groups to help them understand what the change means for them, helping them make and sustain the transition and working to overcome any challenges involved.

Ansoff and McDonnell (1990) assert that change has become increasingly complex, novel and discontinuous from the past experiences. Accelerated by the frequency of changes and rate of diffusion of change, today's world has moved from being

evolutionary to revolutionary. Fay and Luhrmann (2004) point out that, organizations are constantly being forced to go through continuous adaptation due to forces of globalization, increased competition, changes in information technology and deregulations. The World is continuously changing and so organizations in it need to change in order to survive (Greenberg & Baron, 2002). During the last two decades the public sector has come under increasing pressure to improve performance and demonstrate greater transparency and accountability. This pressure has resulted in public sector organizations facing shifts in ways of operating.

The current operating environment in which Kenya Power is in has become too turbulent and the changes experienced are happening at faster rates than ever before. Consequently, many techniques used by the company on a daily basis to manage their affairs tend to become outdated overnight. In the past ten years, the company has undergone major strategic changes in its business processes and portfolio as well as in its organization structure. The external changes that have been facing the organizations provide an avenue for thinking. The company must therefore continually be innovative and adaptive to new change management practices and techniques in line with the changing world.

While there is a growing body of knowledge dealing with the management of corporate change, there are still significant gaps in understanding the process. Minket *al.*, (1993) observe that in today's business environments, learning about change, planning for and implementing major changes must be considered highest priority for the long term

survival and prosperity of an organization. This is because management of change is a complex process, which many organizations get wrong. As the business environment changes at a never-heard rate of speed, companies are experiencing new trends, including privatization, internationalization, globalization, and high-tech breakthroughs. To weather all these trends, companies need to act agilely, to respond to change quickly, to maintain their competitive edges, and to ensure they can sustain in the market place.

There are many studies that have been done regarding change management practices. Misoi (2011) researched on change management practices at PZ Cussons East Africa Limited and found out that PZ Cussons in the recent years has experienced some change and have applied change management practices. Most notably were the drastic changes in top management, downsizing and rightsizing. The main factors that influenced the changes in the company were drastic changes in the business environment. Kihara (2010) change management practices by the Kenya Road Authorities and found out that the factors that influenced the adoption of change management practices in the Kenya Road Authorities. The demand for better roads and change in the environment and the needs of all stakeholders including road users, investors and financiers has also influenced change management practices in the Kenya Road Authorities. Tamimy (2008) studied Change management practices in the Kenyan Department of Immigration. The findings were that change management issues were the responsibility of the management and the executive committee comprised of management and other selected staff members.

However, the literature cited above indicates that there has been no study focusing on the change management practices adopted in response to external environmental changes in

KPLC and how effective the were the practices. This study therefore was seeking to fill the existing gap in knowledge by establishing what change management practices KPLC has adopted to deal with change management and how effective they have been. Hence the question: what then are the change management practices adopted by Kenya Power and lighting company limited?

1.3. Research Objective

To determine change management practices at Kenya Power and Lighting Company Limited.

1.4. Value of the study

The study will be of value to the management of Kenya Power as they will know the value of having the right techniques to undertake strategic change in the bank so that they can achieve competitive advantage over its competitors. An additional beneficiary in this research may include organizations that are looking to undertake change management so as to overcome competitive challenges. The study will help managers in various organizations understand the practices of change management and thus use them when they will undertake change management in their organizations.

The study will help to facilitate increased service delivery resulting from effective change management. The government and regulators in the industry will also find invaluable information on how good change management can be adopted, and as a result put in place policies that will guide and encourage other firms within and without the industry in

implementing their changes. The study is to create a monograph which could be replicated in other Parastatals and Government agencies in Kenya.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are theoretical foundations of the study, models of change management and the change management practices.

2.2. Theoretical foundation of the study

The roots of change management are found in the science of psychology (Burnes 2004). Many of the techniques helping people deal with traumatic emotional issues have been applied to help people deal with dramatic changes in how they earn their livelihoods. Thus many theorists and practitioners alike propose the utilization of change management techniques to successfully deal with the change process. According to Burnes (2004), there are three schools of thought that form the basis on which change management theory stands. The first school of thought is the individual perspective school, which involves learning how behaviours are acquired. In this school of thought there are two camps of supporters. One camp of supporters is made up of “behaviourist” who view behaviour as resulting from an individual’s interaction with their environment. They view behaviour as learned and all individuals are passive recipients of external and objective data. Learning takes place through external stimulus such as rewards, punishment and reinforcement. Beyond stimulus, there has to be reason, which is the ability to interpret the stimulus. In order to change behaviour, it is necessary to change the conditions that cause it (Skinner, 2008).

The other group is made up of “Gestalt-Field psychologist”, who argues that an individual’s behaviour is the product of the environment and reason (Burnes, 2004). Here learning is a process of gaining or changing insights, outlooks, expectations or thought patterns. Behaviour is not just a product of external stimuli, but rather it arises from how the individual uses reason to interpret these stimuli. Proponents seek to help individual members of an organization change their understanding of themselves and their situations and this essentially changes their behaviour (Smith *et al*,2006).

The dynamics school of thought suggests that group behaviour is an intricate set of symbolic interactions and forces that not only affect group structures, but also modify individual behaviour. It also emphasizes on bringing about organizational change through teamwork rather than individuals (Bernestein, 2009). In order to bring about change, it is useless to concentrate on changing behaviour of individuals. The focus on change must be at the group level and should concentrate on influencing and changing the group’s norms, roles and values (Smith *et al*,2002). Thus the group dynamics school of thought is seen to be very influential in developing both the theory and practice of change management.

By nature, organizations are open systems and this school of thought views them as being composed of a number of interconnected sub-systems. It follows that any change in one sub-system will have an impact on the other parts of the system and consequently on its overall performance. The objective of the open systems approach is to structure the functions of a business in such a manner that through clearly defined lines of coordination and interdependence, the overall business objectives are collectively pursued (Burnes, 2004). There are four major subsystems in organizations as suggested

by (Miller, 2003). They consist of the goals and values sub-system (strategic plan, policies and regulations), technical sub-system (inputs and outputs) and the managerial sub-system.

2.3. Models of Change Management

Different models, methods and tools have been developed to deal with the change process. Such tools and methods are often dependent on the change that is required. Coaching people during the change process and facilitating learning of the skills that are needed to deal successfully with the new environment is also essential (Paton *et al.*,2008).

In a world of accelerated and constant change, the capacity of an organization to change is viewed as a more critical success factor and is a more important corporate asset than the type of change model adopted by the company. Examples of the models are described below.

2.3.1. Kotter's 8 –Step Model

Kotter's 8 –Step Model as cited in Mullins (2005) built on Lewin's three step model to create a more detailed approach for implementing change. Kotter's (1985) noted that managers failed in implementing change because of the following reasons: inability to create urgency about change, absence of a vision for change and failure to effectively communicate that vision, failure to provide achievable goals and not anchoring the changes into the organizational culture.

For effective implementation of change, Kotter (1985) suggested eight steps which are: establishing a sense of urgency by creating a compelling reason for why change is needed, forming a coalition with enough to lead the change, creating a new vision to direct the change and strategies for achieving the vision, communicating the vision

throughout the organization, empowering others to act on the vision by removing barriers to change and encouraging risk taking and creative problem solving, planning for, creating and rewarding short term “wins” that move the organization towards the new vision, consolidating improvements, reassess change and make necessary adjustments in the new programmes and reinforcing the change by demonstrating the relations between new behaviors and organizational success.

2.3.2. Lewin’s 3 step model of change

Lewin’s 3 step model of change describes the change process of an organizational system as a series of transitions between different states of unfreezing, transition state and re-freezing (Burnes, 2004). The unfreezing state is the initial state of the system which reflects a condition of relative stability. When a disruptive force affects the status quo, people are motivated to discontinue some aspects of the behaviour. Unfreezing is seen as the most difficult and important state in the change process. The transition state represents a phase of the change process when people are no longer acting as they used to, but are set in a new behaviour pattern. The need to reduce anxiety promotes a powerful desire for seeking out, processing and utilizing information to create a new state of stability or revert to the old state. One of the consistent findings about the change process is that there is initially a decrease in an organization’s performance as change is implemented into the ongoing activities of the organization Fullan (2001).

Herold, *et al.*, (2002) posits that refreezing state occurs once employees have achieved a new set of conditions and attitudes have begun to express these in new daily behaviour. For new behaviors to last, they must fit into the personality of the individual and the culture of the organization that is being changed. Otherwise the behaviour will be only a

temporary adaptation to the pressure of the change situation and will erode once the change agent has ceased to disconfirm the old behaviour. When the unfreezing and the transition states are well planned and managed, the result of the refreezing process is the desired state. If the first states are however not handled well, the people and the organization will refreeze but not necessarily to the desired state.

2.3.3. Congruence Model of Organization Behavior

Nadler and Tushman (1979) came up with the Congruence Model of Organization Behaviour. The main point of this model is that all elements need to be in alignment in order to work. The main inputs into the system of this model are the environment, the resources available, the strategy and history of the organization. In considering the use of this model, a comprehensive evaluation of the drivers of change in the environment should be part of the initial analysis. Employees who will be affected by the change should be involved at the onset in the identification of the drivers of change in the environment. Training should be provided to improve employees' skills but also needs to be supported in terms of coaching, monitoring customer feedback and recruiting new staff into the organization with real expertise in the area of focus. Garvin and Roberto (2000) found that successful change management programmes were based on the manager doing significant work in advance to ensure staff will consider new ways of working, a critical ingredient of success in all change programmes.

The transformational process is made up of four key components. These include the work to be done by the organization, the individual who do the job, the formal structures and processes in place to motivate performance and the informal arrangements such as communication and influence, which characterize how the organization functions. A

reward system should be set up and monitored to ensure the right behaviors are being encouraged. Targets need to be agreed on in advance of the change so that the success of the transformation process can be assessed as the project progresses. Outputs include how goals of the organization are achieved, how resources are achieved, how resources are used, how people adapt to the change process, and overall, how successful change initiative has been. Performance goals are an essential elements of successful change initiatives and according to Walsh (2000), these goals need to be an integral part of the design of a change initiative.

2.4. Change Management Practices

The main aim of organizational change is to adapt to the environment and or to improve in its performance. Without changing, organizations may not survive since the environment is dynamic and sometimes very turbulent. Pearce and Robinson (1997) point out that powerful force in the environment are pressuring public and private organizations to alter permanently existing strategy, structures, policies, technology and practices. The change management practices are communication, employee participation, leadership, organizational structure and stakeholder involvement.

2.4.1. Communication Issue

When implementing an organizational change it is important that there is a communication strategy in place as uncertainty can be more stressful than the practical aspects of the organizational change. Feeling uncertain about an impending change and what position it may leave employees in is characteristic of those going through change (Schweigerand Walsh, 2000). As such, providing employees with information about a

change can help to reduce anxiety and uncertainty about expected outcomes. Miller *et al.*, (2004) found that when change announcements were communicated, those communications that were timely, useful, and addressed employees' concerns were more likely to help employees feel ready for change. Good communication allay employees' fears, transmit a message that fosters employee self-efficacy for being able to perform after the change is implemented, and educate employees about the change. Furthermore, communication not only facilitates understanding but also enhances the buy in of employees to the strategic need for change (Van Dam *et al.*, 2008). Communicating with individuals about their appraisal of the change and helping them find a point of personal power within the change movement fosters this confidence in the change (Burnes, 2004). Goodman and Truss (2004) found that there was not much difference between those who had received a lot of information and those who had not, showing that even the best-planned communication strategy can still result in employees who feel like they have not received enough information in a timely and appropriate manner. Therefore, ensuring the appropriate change communication strategy is matched to the type of change is very important.

It is prudent to keep in mind that even the best planned organizational communication strategy may be affected by the social nature of employees in an organization. Organizations are embedded in social networks, where other employees can have a great effect on how people understand and conceptualize change plans. There are social systems through which information about a change (rationale for change, impact on work processes) is exchanged and discussed (Armenakis *et al.*, 2003). Employees gauge reactions from each other to determine the meaning behind any change messages that are

given. Miller *et al.*, (2004) found that those employees who were part of networks such as these received more information than others. Therefore, it is important to consider the impact that networks can have and the best ways to distribute information about a change. Although every organization and every change is different, it is argued that the adoption of a coordinated approach to the design and management of communication can help to avoid costly mistakes and increase the chances of success.

2.4.2. Employee Participation

While change communication is seen as a good way to overcome resistance, providing opportunity for participation in a change has also been commended as a way to help reduce these negative attitudes toward transformations to the work setting. Sashkin(2004) posits that the need for participation in organizational change is based on the principle that it fulfills three basic human work needs: autonomy, meaningfulness, and decreased isolation. As well as this, employee participation in an organizational change is thought to make the realities of the organizational change clearer, while also benefiting the change managers by gaining more information regarding the perspectives and skills of the employees (Lines, 2004). Not only do employees feel involved and feel like their opinion matters, but change managers receive valuable information that can help them to make better decisions when it comes to implementing a change.

In terms of how readiness and resistance to change can be impacted by employee participation, it is reasonable to assert that those employees who are part of the planning or implementation of a change are privy to information that is not accessed by those who do not participate; thus, they are more likely to understand the reasons and objectives for

the change (Holt *et al.*, 2007). Armenakis *et al.*, (2003) conceptualize participation as a way in which employees can realize messages about organizational discrepancy and change related efficacy, where greater confidence is given to information realized on their own. Active participation is described in three ways – including those employees in tasks where they can gain a lot of information about discrepancy and efficacy; providing employees with a vicarious learning experience so that they can develop their own confidence for completing new tasks; and through enactive mastery, where employees take small steps towards a change, effectively building up confidence.

2.4.3. Committed Leadership

The role of leadership in any change management effort cannot be underestimated, and is repeatedly cited as the number one contributor to change success. The earlier in the project life cycle an organization's leaders engage in the change, the more useful they can be at building acceptance of the change by those who are affected by it. Change starts at the top and an organization's leaders must be the visionaries, champions and role models for change (Dorfman and House, 2004). Whether change comes easily or proves difficult to achieve depends in part on the atmosphere – the organizational culture and climate – that an organization's leaders create.

Elkins and Keller (2003) posit that the relationship between a leader's behaviours and firm performance are theorized to be moderated by situational variables which includes the characteristics of the task, environment, and subordinates. Sanda (2011) argued that desirable workplace transformations will require that all persons associated with a transformation organization are clearly informed and their understanding on the nature of

the expected changes and the relationship between leadership and change also sought. Otherwise, any progress in such transformation will encounter unlimited constraints and may even regress. This means that the characteristics of employees can influence the effectiveness of directive leadership behaviours. Strategic leadership must be comprised of individual visionaries and charismatic transformational leaders who are committed to creating an organizational culture that views continual change as a competitive strategy and necessary business activity.

2.4.4. Organizational Structure

Strategies are formulated and implemented by managers operating within the current structure. The structure of an organization is designed to breakdown how work is to be carried out in business units and functional departments. People work within these divisions and units and their actions take place within a defined framework of objectives, plans, and policies. Successful strategic change depends on a large part on how a firm is organized. The structure helps an organization identify its activities and the way in which it will coordinate them to achieve the firm's strategic objective. 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).

An effective organization is one where there is a good strategic alignment between the mission, the structures and the subsequent human resource management policies and procedures which support people in achieving the goals of the organization Jimmieson *et al.*, (2004). Therefore, the technical, political and cultural elements of the organizations

must be aligned. Focus on culture should be part of any successful change management process and the gap between the current and desired culture needs to be bridged. Employees need to identify the new values needed as well as highlighting how this shift can happen. When an organization only focuses on one or two of these elements, the change is dysfunctional. To succeed, the three strands need to be dealt with. Strategic management is the task of keeping the three of these strands from becoming unraveled in the face of problems in one area. These include the mission and strategy of the organization, the structure and the human resource procedures (Doppler and Lautenburg, 2000).

2.4.5. Stakeholder Involvement

Managerial leaders must develop support from political overseers and key external stakeholders. Organizational change depends on the degree of support from political overseers and other key external stakeholders. The impact of these actors on the outcome of change efforts stems in part from their ability to impose statutory changes and control the flow of vital resources to public organizations. Political overseers can influence the outcome of planned change by creating and conveying a vision that explains the need for change, as well as by selecting political appointees who are sympathetic to the change and have the knowledge and skills required for managing the transformation. As Golembiewski (2005) suggests, attaining support from governmental authorities and political actors involves serious challenges, given the constraints imposed by the political context in which public organizations operate. Public agencies often have multiple political masters pursuing different objectives, and politically appointed executives often have very weak relationships with career civil servants. Despite these challenges, public

managers implementing change in their organizations must display skill in obtaining support from powerful external actors.

Support from other key external stakeholders figures prominently in successful change efforts. Thompson and Fulla (2001) conclude that the interest group environment acted as an important determinant of agency adoption of reforms, with strong interest group opposition to an agency's. Conversely, Weissert and Goggin (2002) found that proceeding to implementation without garnering the support of interest groups can speed up the implementation process, albeit at the cost of dissatisfaction and criticism. An organization needs to engage its stakeholders, in order to implement changes effectively. To do that, stakeholders need to understand the reasons why the change is happening and its benefits and have opportunity to express their views and contribute their own ideas about how it might be implemented. Accordingly, it is important that everyone in the organization and those interacting with the organization, both internal and external stakeholders, are kept informed and provided with messages and information that allow them to feel engaged, thus paving the way for involvement and adoption (Jabri, Adrian *et al.*, 2008).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

Research is commonly referred to the search for knowledge. It comprises defining and redefining problems, formulating the hypothesis or suggested solutions, collecting, organizing and evaluating data, making deductions and reaching conclusions and finally testing the conclusions to determine whether they fit the hypothesis. This chapter introduces the design of the research and the data collection and data analysis technique.

3.2 Research Design

The research design used was a case study. A case study is an in-depth investigation of an individual, institution or phenomenon. Case studies allow a researcher to collect in-depth information, more depth than in cross-sectional studies with the intention of understanding situations or phenomenon. It also helps to reveal the multiplicity of factors, which have interacted to produce the unique character of the entity that is subject of study.

The reason for this choice was based on the knowledge that case studies are the most appropriate for examining the processes by which events unfold, as well as exploring causal relationships and also they provide a holistic understanding of the phenomena. Besides, with case studies, there is no generalization. Thus the results or conclusions found cannot be applied to the general population.

3.3 Data Collection

The study used primary data which was collected using an interview guide. An interview guide is a set of questions that the interviewer asks when interviewing. The respondents who were interviewed were middle level managers in charge of Communication, Human Resources and Administration, Commercial Services, Information Technology and Telecommunication and Finance. They were considered to be key informants for this research. Key informants are also a source of information that can assist in understanding the context of an organization, or clarifying particular issues or problems. One of the advantages of one-to-one interview is that it is far easier to transcribe a recorded interview when the talk involves just one interviewee. Therefore, structured open-ended questions will be used to determine the change management practices and they are based from the literature review.

The choice of the respondents was very important, as senior executives who are the head of the organization and the ones who can foster organizational objectives. Furthermore, they may provide access to more significant and useful secondary data as documents, and other valuable information. The interviews were semi-structured so that some questions can be omitted or added if some new and useful information come up through the whole procedure, which was face to face.

3.4. Data Analysis

The data obtained from the interview guide was analyzed using content analysis. Content analysis is the systematic qualitative description of the composition of the objects or

materials of the study (Hsieh and Shannon, 2005). It involves observation and detailed description of objects, items or things that comprise the object of study.

Content analysis, as a class of methods at the intersection of the qualitative and quantitative traditions, is used for rigorous exploration of many important but difficult-to-study issues of interest to management researchers (Carley, 2003). This approach was more appropriate for the study because it allowed for deep sense and detailed accounts in changing conditions. Thus the qualitative method was suitable for this research because the research was conducted within the environment where the implementation initiatives occurred.

CHAPTER FOUR: DATA ANALYSIS FINDINGS AND INTERPRETATIONS

4.1 Introduction

This chapter presents analysis and findings of the research. Findings in this chapter have tried to fulfill the objectives of this study. Four respondents were involved in the study out of the target five, therefore generating 80% response rate. Data obtained in the study was analyzed using content analysis. When using content analysis, the aim was to build a model to describe the phenomenon in a conceptual form.

Content analysis is a research method for making replicable and valid inferences from data to their context, with the purpose of providing knowledge, new insights, a representation of facts and a practical guide to action (Krippendorff 1980). The aim was to attain a condensed and broad description of the phenomenon and the outcome of the analysis as concepts or categories describing the phenomenon.

4.2. Change management at Kenya Power and Lighting Company

Change management is an approach in planning, designing, implementing, measuring and maintaining the process of change in business activity or employment. At Kenya power, strategy changes included 3 things: (1) Contents which consist of areas within the organization and technical aspects that must be changed. (2) People which consists of mindset changes, behaviors and culture that are required in the change. (3) Processes which are the actions to be taken to plan, establish, and implement all changes in an integrated and comprehensive manner.

Way back when (pick your date), senior executives in Kenya power (then KPLC) had a simple goal for themselves and their organizations: stability. Shareholders wanted little more than predictable earnings growth. Because so many markets were either closed or undeveloped, leaders could deliver on those expectations through annual exercises that offered only modest modifications to the strategic plan. Prices stayed in check; people stayed in their jobs; life was good.

Market transparency, labor mobility, global capital flows, and instantaneous communications have blown that comfortable scenario to smithereens. In most industries and in almost all companies, from giants on down heightened global competition has concentrated management's collective mind on something that, in the past, it happily avoided: change. Successful companies, as Harvard Business School professor Rosabeth(1999), develop "a culture that just keeps moving all the time."

Kenya power had experienced several changes both internal and external that has forced the management to go back to the drawing board to re-evaluate the way forward. Times had been turbulent and Kenya power has to re-strategize in order to stay afloat. What internal and external triggers might prompt a company to seek change? Examples include lackluster or even declining sales or profits. A company's competitors may have done something recently that is eroding its market share, or state or federal government may have mandated compliance with new regulations. On the positive side, senior managers may have a vision of how the company could perform much better than it does now, and want to lead the company toward its realization.

4.3. Change management practices at Kenya Power and Lighting

Company

Change management is the processes, tools and techniques for managing the people-side of change. Change management is a method for reducing and managing resistance to change when implementing process, technology or organizational change. The study established that the change management practices employed in Kenya power were communication and communication planning, employee participation, leadership commitment, organizational structure and stakeholder involvement. These practices were utilized by Kenya power in dealing with the changes both anticipated and unknown.

4.3.1 Communication and communication planning

Too often, change leaders make the mistake of believing that others understand the issues, feel the need to change, and see the new direction as clearly as they do. The best change programs reinforce core messages through regular, timely advice that is both inspirational and practicable. Communications flow in from the bottom and out from the top, and are targeted to provide employees the right information at the right time and to solicit their input and feedback. Often this will require over communication through multiple, redundant channels.

Respondents indicated that Kenya power has four main communication channels that were highlighted by the respondents namely; Telephone, e-mails, Stima news magazine and team talks. Many managers assumed that if they communicate clearly with their employees, their job is done. However, there are many reasons why employees may not hear or understand what their managers are saying the first time around. In fact, you may

have heard that messages need to be repeated 6 to 7 times before they are cemented into the minds of employees. That is because each employee's readiness to hear depends on many factors. Effective communicators carefully consider three components: the audience, what is said and when it is said.

The study respondents in Kenya power believed that there has been tremendous improvement in the communication process over time. Especially with culture change, there is increased use of phone for business rather than gossiping and the top management are just an email away. Team/group talks have also reduced an easiness that used to be experience among teams hence fostering team spirit. These have contributed towards improved work environment and quality customer service.

4.3.2 Employee participation

Respondents in this study were torn into the middle when it came to the aspect of employee participation. With almost half feeling they were involved while a similar population feeling they not involved in the change process (figure 1 below). Due to employee engagement's close relationship to organizational commitment, understanding organizational commitment's relationship to change management may provide some valuable insight. Employee involvement is a necessary and integral part of managing change. Managing change is not a one way street. Feedback from employees is a key element of the change management process. Therefore there is need for Kenya power top management to review this process for any subsequent chance management to reduce resistance.

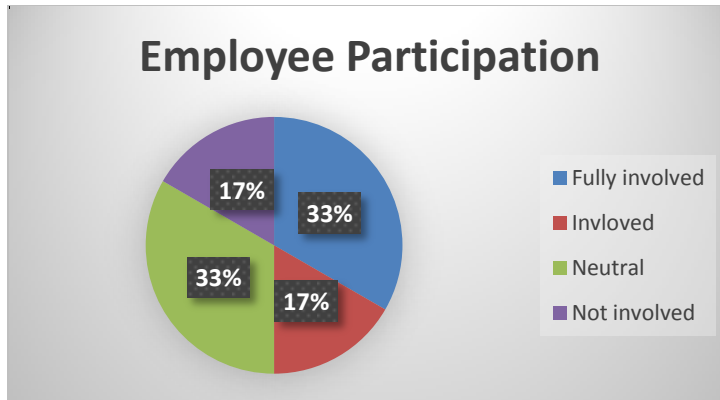


Figure 1: Employee participation

According to the respondents in this study one strategy for reducing resistance in employees mentioned frequently in organisational change literature is to involve the employees in the change or to empower them to make changes themselves. Empirical studies have supported the efficacy of this strategy for successful implementation of change, especially within the public sector (Warwick, 1975, Denhardt and Denhardt, 1999; Poister and Streib, 1999). However, employee involvement alone is not sufficient with managers still playing a critical role encouraging and rewarding innovation and expressing support the change.

4.3.3 Leadership commitment

Leaders of large change programs must over perform during the transformation and be the zealots who create a critical mass among the work force in favor of change. This requires more than mere buy-in or passive agreement that the direction of change is acceptable. It demands ownership by leaders willing to accept responsibility for making change happen in all of the areas they influence or control. Ownership is often best created by involving people in identifying problems and crafting solutions. It is

reinforced by incentives and rewards. These can be tangible (for example, financial compensation) or psychological (for example, camaraderie and a sense of shared destiny).

At Kenya power that was re-branding from KPLC to Kenya power and undertaking a culture change from parastatal mentality to customer focused organization ready to meet customer demands, hence for these changes to be successful team leadership was essential. The top management involved the supervisors and managers in the re-branding and culture change for them to act as change owners. Once managers and supervisors were on board, the change management team prepared a coaching strategy and training. This made it easier for the top management to implement the change process, since they had foot soldiers on the ground.

4.3.4 Organizational structure

An effective organization is one where there is a good strategic alignment between the mission, the structures and the subsequent human resource management policies and procedures which support people in achieving the goals of the organization. Kenya power put a lot of focus on culture change and re-branding so as to bridge the gap between where we are and where we need to be. Employees need to identify the new values needed as well as highlighting how this shift can happen. When an organization only focuses on one or two of these elements, the change is dysfunctional. To succeed, the three strands need to be dealt with. Strategic management is the task of keeping the three of these strands from becoming unraveled in the face of problems in one area. These include the mission and strategy of the organization, the structure and the human resource procedures.

Although the previous organizational structure had been reviewed to reduce the levels of reporting, it still provides the ambiguity in communication. According to the respondents there is need to further review the structure to provide for clear reporting lines without creating conflicts among units with clear power. These will help Kenya power to achieve its vision and hence improve working environment for staff and better service for customers.

To achieve the desired changes KPLC organization structure was re-organized by putting more staff on customer facing staff and reducing the back office roles. The structure also provided a clear communication flow top down and bottom up to help in bridging the gap that existed between the top management and other employees of the lower cadre. According to the respondents there is now a clear communication line and the CEO is approachable and accessible (just phone call or email away) creating a team spirit of being one as KPLC family.

4.3.5 Stakeholder involvement

Kenya power managerial leaders have developed support from political overseers and key external stakeholders over time by virtue of being half owned by government. Organizational change depends on the degree of support from political overseers and other key external stakeholders. The impact of these actors on the outcome of change efforts stems in part from their ability to impose statutory changes and control the flow of vital resources to public organizations. Political overseers can influence the outcome of planned change by creating and conveying a vision that explains the need for change, as well as by selecting political appointees who are sympathetic to the change and have the knowledge and skills required for managing the transformation.

According to the respondents, Kenya power has had a great long spell of government support and this has led to better engagements with external stakeholders. They observed that good relations with government led to the former CEO being appointed permanent secretary to the cabinet and also recent cabinet decision to waive charges to Kenya power by county governments to ease cost of power in the country.

4.4 Discussion of the findings

Several studies have been undertaken in the field of change management both at Kenya power and other organizations in Kenya. These entire studies goal is to enhance the performance of organizations and management of change to reduce resistance. The organisations should use the findings of the studies to check on their failures and look inwardly on the solutions to their problems.

Ongegu (2011) in his study to determine the challenges faced by Kenya Power in the implementation of the change program of the Energy Sector Recovery Project found that culture change took long to percolate to all levels due to the large number of employees at Kenya Power. The organizational structure was also tall with many levels of reporting, communication channels were inefficient and the members of staff were not adequately prepared on change management as well as project management.

While these study findings agree with Ongegu's findings on organization structure and communication channels having been inefficient, much has been done to improve the situation. There are better communication channels like the e-mail and face to face group talks while the structure had been reviewed overtime. The respondents suggest continual

improvement of communication channels and further simplification of organization structure to reduce reporting levels for efficiency.

Mugo (2010), in his study to understand the effectiveness of strategy formulation and implementation at KPLC and how the company has responded to the challenges of formulating and implementing its strategies found out that KPLC had decentralized services by creating Strategic Business Units all over the countries which are responsible and accountable of their activities in this respective areas. In response to the challenge of service delivery efficiency the company had developed service delivery standards. To enhance the achievement of its goals the company had developed new vision, mission and core values. Just like any other organization undergoing change, KPLC had encountered resistance to change from some members of staff. But however through increased communication, training and recruitment of new staff, the resistance had been contained.

Mugo (2010), study might have not concentrated on change management at Kenya power, his findings on employee resistance to change and training to reduce the resistance are way in line with these study. Respondents in these study acknowledge that there was minimal employee involvement in the change process, rather theirs was to implement which creates resistance. Hence the need to engage all employees at all levels in the entire change management process and offer training to enhance their confidence and skills to implement the change.

This study also highlights the need to involve the stakeholders like the customers, suppliers and the policy makers in the change process. These will help integrate all

efforts in achieving the desired change. For example if the customer is involved in providing suggestions and feedback they will own the product as truly there, while suppliers will provide quality products and services as they share in your vision. Hence subsequent change process at Kenya power and any other organization should take stakeholder involvement with the seriousness it deserves.

Arguably, change practitioners (i.e. managers and consultants) are often immersed in the everyday life of organizations to an extent which makes it difficult to see beyond organizational ends. However, as academics, we are perhaps better placed to step back from the hegemonic grasp of corporate interests and acknowledge our responsibility to the wider society. Hence, our role as scholars is not simply to educate the managers of tomorrow or to inform management practice. It is to provide an independent and critical voice. To this end, we need to embrace a polemic stance (i.e. to problematize conventional wisdom and challenge orthodoxy) while striking a balance between a phenomenological orientation (i.e. doing research on change management) and an applied focus (i.e. doing research for change management).

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introductions

This chapter presents a summary of the research projects whose main objectives were to determine change management practices at Kenya Power and Lighting Company Limited. The ensuing discussion majors on the findings of the study against the backdrop of the objectives the study was designed to achieve, the conclusion, recommendations, limitations and suggestions for further research by the researcher.

5.2 Summary of the Findings

The study found that management practices employed by Kenya power in the change management and implementations were: communication and communication planning, employee participation, leadership commitment, organizational structure and stakeholder involvement. Although all these change management process were employed not all were fully understood and undertaken to satisfaction hence failing.

The study respondents believed that there has been tremendous improvement in the communication process over time. Especially with culture change, there is increased use of phone and emails for business. Team/group talks have also reduced an easiness that used to be experience among teams hence fostering team spirit. These have contributed towards improved work environment and quality customer service.

According to the respondents in this studyone strategy for reducing resistance in employees mentioned frequently in organisationalchange literature is to involve the

employees in the change or to empower them to make changes themselves. Empirical studies have supported the efficacy of this strategy for successful implementation of change, especially within the public sector (Warwick, 1975; Denhardt and Denhardt, 1999; Poister and Streib, 1999). However, employee involvement alone is not sufficient with managers still playing a critical role encouraging and rewarding innovation and expressing support the change.

Previous organizational structure had been reviewed to reduce the levels of reporting, it still provides the ambiguity in communication. According to the respondents there is need to further review the structure to provide for clear reporting lines without creating conflicts among units with clear power. These will help Kenya power to achieve its vision and hence improve working environment for staff and better service for customers.

This study also found the need to involve the stakeholders like the customers, suppliers and the policy makers in the change process. These will help integrate all efforts in achieving the desired change. For example if the customer is involved in providing suggestions and feedback they will own the product as truly there, while suppliers will provide quality products and services as they share in your vision. Hence subsequent change process at Kenya power and any other organization should take stakeholder involvement with the seriousness it deserves.

5.3 Conclusion

The literature on change management and practice development in organizations provides a useful perspective on the factors facilitating, supporting and inhibiting changes in individual, team and organizational practice. Core to effective change and improvement

is the balance between structural and relational impetus for change, including both leadership and direction from management, staff ownership of intended changes and the role of the multidisciplinary team in effecting change.

Sustainability of change also is of importance. Numerous approaches and strategies to change management and practice development, used either alone or in combination were identified. The field is maturing. Differing types of evidence offering insights into ways to effectively introduce change and develop practices in KPLC settings is being accumulated. Large scale interventions, and randomized studies, are relatively rare, and should represent the next stage in research strategies. Kenya power should initiate a continuous improvement process so as to maintain the gains made and also work on the areas failed. This will enable them remain competitive the vibrate market they operate in and enhance quality of service delivery to customers.

In conclusion,as academic researchers we need to gain a greater understanding not only of structures and practices but, perhaps more importantly, of human motivation in order to fully understand the nature of organizational change and its management – we need to understand better the culture, ethics and politics of change. Furthermore, we need to openly address and criticize current shortcomings and provide valid alternatives.

5.4 Recommendations

To successfully implement change, both short and long term strategic plans need to be in place. Adequate and early planning and an all-inclusive process will prevent resistance by employees in the organization. In order to improve the level of employees“ confidence in

strategy implementation process, their level of competency and empowerment would be observed.

The research further revealed that critical skills required for implementing change were dependent on the complexity and nature of the change, leadership skills, relationship management skills and financial skills were inevitable in all cases of change implementation. The research concluded that there is no one universal approach to strategic management and therefore its practices keep evolving from time to time depending with the changes in the environment.

5.5 Limitations of the Study

This study focused on the change management practices at Kenya power and lighting company limited, which may have failed to capture all the responses from organizations in the industries as a whole and also engaged managers only who might have ignore other staff information. The stakeholder's involvement was not fully established. Therefore could not conclusively give the full picture of the success of change implementation.

It was also a challenge scheduling the interview sessions with the managers as they were stationed in different offices in dispersed locations. There were also managers who had been in the organization during major strategy and change implementation phases who had since left and their experience could not be incorporated in the study.

5.6 Suggestions for further Research

A more comprehensive research should be undertaken to determine the level and the effectiveness of the change management process and should widen the sample size

to incorporate all levels of employees as these research narrowed down to departmental heads only. These might enhance the quality of response and help identify all failure points in change process implementation.

The research should also be done to determine how change management process is incorporated in the company's long term strategy. This will help in ensuring that the implementation change management process is effective.

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APPENDICES

Appendix 1: interview guide

Part A: Background Information

1. What current positions do you hold at Kenya Power?
2. For how long have you been holding the current position?
3. How many years have you worked in Kenya Power?
4. What is the highest level of education you have attained?

Part C: Change management

5. Which areas has change been undertaken in the company?
6. Describe your role in the change. Were you appointed for this role, or did you volunteer for this role? How were you trained for this role?
7. How are the employees empowered to cope with the change in the company?
8. How did the company link change management with operational change and every aspect of the organization in relation to dynamic external environment?
9. What institutional resources were made available for this change?
10. How did you identify the change agents, leaders of this change? Were they asked or appointed? How were they trained? How were they rewarded?

Part C: Change Management Practices

a) Communication

11. Was there communication to all the employees on the change management in the company?
12. How often did the management communicate regarding the issue of change?
13. Did the change management communication help to reduce employee anxiety and uncertainty about expected outcomes?
14. Did the employee resist change although they were communicated on the need for change?
15. How did the company ensure that there is a coordinated approach to the design and management of communication so that it can help avoid costly mistakes and increase the chances of success?

b) Employee Participation

16. How were the employees involved in change management in the company?
17. Did the employee participation in the company resulted in successful change management?
18. How did the employee involvement help the managers make better decisions when it comes to implementing a change?
19. Did employee participation helps to facilitate a sense of ownership of the change process, where employees feel like they have come up with solutions themselves which can foster readiness for change, leading to less resistance?

c) Leadership

20. Was the company leadership involved in change management?

21. Did the company leadership interact with subordinates and inspire them toward organizational objectives?
22. Did the organizational leadership consider the human and emotional aspects of change during the change process?
23. Did the company's management have motivation, vision, and passion which are crucial roles in creating leadership success?
24. Did the organizational leadership prepare employees, frontline and mid-level managers for the change that the organization and the environment demanded for survival?
25. Does the company leadership create shared vision, put in place a plan, set strategy and deploy appropriate leadership styles that inspired confidence in the employees' in order to achieve set goals?

d) Organizational Structure

26. How did the structure of the company help in change management and the way in which it will coordinate them to achieve the firm's strategic objective?
27. Did the company structure help the management exploit fully the skills and capabilities of the employees with minimal costs and at the same time enhance the firm's capacity during the change management?
28. Was the company structured in such a way that it can respond to pressure to change from the environment and pursue any appropriate opportunities which are spotted?
29. How did the structure of the company influence how the objectives and policies will be established and implemented during change management?

e) Stakeholder involvement

30. Did the company involve all its stakeholders during change management?
31. How did the external stakeholders influence change management in the company?
32. Did the company explain to the stakeholders the need to understand the reasons why the change is happening and its benefits?
33. How did approaching change in an open and consultative manner assist in more effective implementation?

Appendix 2: approval letters



Kenya Power

The Kenya Power & Lighting Co. Ltd.
Central Office - P.O. Box 30099 Nairobi, Kenya.
Telephone - 254-20-3201000 - Telegrams 'ELECTRIC'
Fax No. 254-20-3514485
STIMA PLAZA, KOLOBOT ROAD

Our Ref:

Your Ref:

EP1/36A/42D/MWM/14

24th September 2013

TO WHOM IT MAY CONCERN

RESEARCH APPROVAL - JOAN CHEPKEMOI SINEI

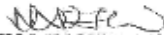
Reference is made to the subject matter mentioned above.

Kindly allow Joan Chepkemoi Sinei, an MBA student at Nairobi University to carry out a research project in the Company on "*Change Management Practices at Kenya Power*".

This authority notwithstanding, discretion must be exercised in the use of company information including business strategies and policy documents.

The Research Project should also not disrupt normal working hours and Company's flow of work.

Yours faithfully,
For: KENYA POWER & LIGHTING CO. LTD.


MERCY MUCHIRA (MRS.)
For: HUMAN RESOURCE DEVELOPMENT MANAGER

Joan Chepkemai Sinei-S/N 16669

P.O Box 420-01001

KALIMONT

23rd September 2013

To

Human Resources Development Manager,

Thro' Chief Systems Analyst, Open Systems.

** 23/9/2013*

Dear Sir,

RE: REQUEST FOR RESEARCH DATA COLLECTION APPROVAL

I am a Systems Analyst III in IT & T Division pursuing a Master of Business Administration degree on part time basis at the University of Nairobi. In partial fulfillment of the requirements of this degree, I am expected to present an original research to the University.

RESEARCH TOPIC

Change Management Practices at Kenya Power and Lighting Company Limited.

The research will aim to identify the management practices in Kenya Power that are oriented to change. The data for the research will be gathered through qualitative and quantitative method targeting senior Kenya Power employees. This is therefore to request for permission to collect data from the company. The data will only be used for academic purposes.

A copy of the final project will be available to you on request.

Thank you for your support.

Yours faithfully,

Joan Chepkemai Sinei

Joan Chepkemai Sinei-S/N 16669



