CHALLENGES FACING THE IMPLEMENTATION OF RESOURCE BASED VIEW STRATEGY IN KENYA POWER AND LIGHTING COMPANY

LUCY NJERI NJOROGE

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI

2011

DECLARATION

This research project is my original work and has not been submitted to any other University for examination

Signature.................................. Date ...16/11/11...............

LUCY NJERI NJOROGE

D/61/72806/2008

This Research project has been submitted with my approval as the University supervisor.

Signature.................................. Date ...16/11/2011...............

DR. ZACHARY B. AWINO, PhD

Senior Lecturer,

School of Business,

Department of Business Administration,

University of Nairobi.

DEDICATION

s research project is dedicated to my daughters Njoki and Wacuka and to my late beloved ents, Wacuka Kenyanjui and Kenyanjui Karioki without whom, my dreams of going to hool would not have been possible; God Bless You

ACKNOWLEDGEMENTS

First and foremost I would like to acknowledge my supervisor Dr Zachary Awino. Thank you for enabling clarity of thought by asking the right questions at the right times and for steering me through some rough rides. Your support and exceptional response times are sincerely appreciated.

Thanks you to my family and friends for pretending to listen to all my MBA renditions of cases and theories gone by. To my daughters Njoki and Wacuka, thank you for your patience and support when I needed it most. There is no doubt in my mind that without your support, the journey would have been a great deal rockier.

Last, but not least, my gratitude to entire KPLC Fraternity for giving me their time through consultation and support.

TABLE OF CONTENTS

ACRONYMS AND ABRREVIATIONS

EAP & L: East African Power & Lighting Company

ERC: Energy Regulatory Commission

ESI: Electricity Supply Industry

GDC: Geothermal Development Company

GoK: Government of Kenya

IPPs: Independent Power Producers

Ketraco: Kenya Electricity Transmission Company

KPLC- Kenya Power and Lighting Company

KPRL: Kenya Petroleum Refineries Ltd

MoE: Ministry of Energy

NOCK: National Oil Corporation of Kenya

PPAs: Power Purchase Agreements

RBV: Resource Based View

REA: Rural Electrification Authority

SCA: Sustainable Competitive Advantage

ABSTRACT

The Resource Based View is a business management tool used to determine the strategic resources available to a company. The fundamental principle of the RBV is that the basis for a competitive advantage of a firm lies primarily in the application of the bundle of valuable resources at the firm's disposal (Wernerfelt, 2004). KPLC is a Kenyan based company which transmits power through Kenyan Zones. For it to remain in the market and competitive KPLC employs diverse strategies to enhance it competitiveness and retain it market share.

This study was motivated by the need to establish the challenges facing the implementation of the resource based view strategies in KPLC. To achieve this objective, the study used a case study design. The study used interviews to collect data for the study; the interviewees were the top managers and functional heads in charge of finance, risk management, information technology and operations, human resources, marketing and research division, and public affairs and communication division. The data was analyzed using content analysis.

The study noted some setbacks to the company's effective marketing and planning. . The company faces government controls and intervention, there is unstable fluctuation of the dollar exchange rates and fuel prices which in turn affect tariff rates and their yield in the normal three-year cycle of tariff reviews. The market segmentation is ineffective, low affordability of the cost of power by most of power consumers and mix of marketing functions with other functions such as the operational function. This findings are and will provide a valuable insight on challenges facing implementation of resource base view strategy at Kenya power and Lighting Company and ways of minimizing them for effective resource based view strategy implementation at the company.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The Resource Based View is a business management tool used to determine the strategic resources available to a company. The fundamental principle of the RBV is that the basis for a competitive advantage of a firm lies primarily in the application of the bundle of valuable resources at the firm's disposal (Wernerfelt, 2004). To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile (Barney, 2001). Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort (Hoopes, 2003). If these conditions hold, the firm's bundle of resources can assist the firm sustaining above average returns. Positioning a firm for competitive advantage through the correct understanding of its strengths and weaknesses has been one of the basic prescriptions in the strategy field since the developments of Ansoff (2000).

1.1.1 Implementation challenges of Resource Based View

There have been large and diverse collections of contributions in the areas of economics and strategic management that seek to either refine the concept of the RBV or use it as a framework for tackling conceptual and empirical questions. The principal contribution of the resource-based view of the firm's strategic management to date has been as a theory of competitive advantage. The resource-based view (RBV) of the firm's strategic management is a theory that has been explored in academic literature as a means of explaining competitive advantage and, in turn, superior performance among firm's strategic managements. A central tenet of the RBV is the relationship between customer value, competitive advantage and superior performance. The firm's strategic management can provide value to customers in many ways, such as via superior production systems, lower cost structures and emphasis on customer service. The RBV contends that key resources exhibiting particular characteristics enable the firm's strategic management to implement strategies which meet the needs of customers, thereby enhancing the firm's ability to secure a sustained competitive advantage. Key resources have been identified as intangible assets (such as client trust and relationships) and capabilities (such as skills and knowledge). The firm's view of advantage-creating resources has been extensively explored within the literature but there has been less attention, particularly empirical investigation, into how customers perceive value in a firm's resources.

1.1.2 Energy Sector in Kenya

Kenya's energy sector can be divided into three sub-sectors namely electricity, Petroleum, and renewable energy sub-sectors.

The Kenya Electricity Supply Industry (ESI) is one of the sub-sectors in the energy sector over which the Ministry of Energy (MoE) exercises oversight on behalf of the Government of Kenya (GoK). The energy sector has been undergoing restructuring and reforms since the mid-90s, which culminated in the enactment of the Energy Act, No 12 of 2006 (the Act). Under the Act, MoE is responsible for formulation and articulation of policies through which it provides an enabling environment to all operators and other stakeholders in the energy sector. The Energy Regulatory Commission (ERC) was established in 2007 under the Act as an autonomous, independent energy sector regulator with powers to, inter alia, formulate licensing procedures, issue licenses and permits, make recommendations for the necessary regulations to be issued by the Minister, formulate, enforce and review environmental, health, safety and quality codes and standards, set, review and adjust electric power tariffs, approve power purchase and network service contracts, examine and approve meters, investigate complaints between parties, accredit energy auditors, ensure competition, collect and maintain energy data, protect stakeholders interests, and prepare an indicative national energy plan (ERC, 2010).

Principal operators in the ESI are the Kenya Electricity Generating Company (KenGen) which accounts for close to 80% of generation, the balance being provided by five (5) Independent Power Producers (IPPs), namely Iberafrica Power (EA) Ltd, Tsavo Power Company Ltd, OrPower4 Inc and Mumias Sugar Company Ltd. The Kenya Power and Lighting Company (KPLC) is responsible for transmission, distribution and retail supply of electrical energy to end users. KPLC purchases power in bulk from KenGen and the IPPs through bilateral contracts or Power Purchase Agreements (PPAs) approved by ERC (ERC, 2010).

Other operators in the ESI include James Finlay, Sotik Tea Company, Sotik Highlands Tea Estate, Oserian Development Company, Pan African Paper Mills, Unilever Tea Kenya Ltd and Tiomin, who are licensed to generate electrical energy for own use. Other players in the ESI are: The Rural Electrification Authority (REA), mandated to, *inter alia,* develop and update the rural electrification master plan, implement the rural electrification programme and promote the use of renewable energy sources. The Geothermal Development Company (GDC) formed in 2009 for the purpose of exploiting the hugely untapped geothermal energy potential, and the Kenya Electricity Transmission Company (Ketraco), also formed in 2009 to develop new transmission lines (ERC, 2010).

The Electricity sub-sector is responsible for the technical regulation of the electric power. Its functions are: Review of and advise on government policy on the electricity sub-sector; Preparation of strategic and operational plans; Licensing of the generation, transmission, distribution and supply of electricity; Reviewing of power purchase agreements and network service contracts; Development and enforcement of regulations, standards and licence conditions; Collection and maintenance of information relating to the technical regulation of the electricity sub-sector; Generation and transmission expansion planning; Regulating the use of electrical energy including metering and meter certification; Licensing of electricians and registration of electrical contractors, and investigation and determination of complaints and disputes (ERC, 2010).

Petroleum fuels constitute the main source of commercial energy in Kenya. Kenya is a net importer of petroleum products and has a refinery owned and managed by the Kenya Petroleum Refineries Ltd (KPRL), an 800 km cross country oil pipeline from Mombasa to Nairobi and Western Kenya with terminals in Nairobi, Nakuru, Eldoret and Kisumu, run by the Kenya Pipeline Company (KPC). The sector also has over 30 oil importing and marketing companies comprising of four major companies namely Shell, Total, Kenol/Kobil, Oil Libya, and other emerging oil companies which include the Government owned National Oil Corporation of Kenya (NOCK).

Functions of the Petroleum sub-sector include: Review of government policy on petroleum; Governing the petroleum sector with focus on licensing, issuing of construction permits, developing standards for bulk petroleum transportation and petroleum costs and prices monitoring; Take the lead in the formulation, review and enforcement of rules, regulations and codes for the petroleum sector; and identifying gaps in EHS and developing interventions to address the gaps to ensure that EHS clearly understands standards and rules that it is expected to regulate. According to ERC (2010), this will include the review and enhancement of existing standards.

Renewable energy sources can be replenished in a short period of time. The five renewable sources used most often are biomass, water, geothermal, wind and solar. The Renewable Energy sector is responsible for: Monitoring and evaluation section in this sector will focus on assisting the Ministry of Energy to develop and monitor regulations and standards for all forms of renewable energy. This will be done in consultation with statutory bodies such as the Kenya Bureau of Standards and Kenya Forest Services; preparing an indicative energy plan for renewable using available energy data and carrying out relevant research activities in this sector; and promoting energy efficiency and conservation across the renewable sector as well as the petroleum and electricity sector (ERC, 2010).

1.1.3 Kenya Power and Lighting Company (KPLC)

KPLC was incorporated in 1922 as the East African Power & Lighting Company (EAP&L). It changed its name to the Kenya Power and Lighting Company Ltd. (KPLC) in 1983. The majority shareholder in KPLC is the Government of Kenya and its institutions, while the rest is owned by private shareholders. Before a major power sector restructuring in 1997, KPLC also managed all generating stations on behalf of the Government. Currently, KPLC only manages some diesel-generating stations which are owned by the government, and which are isolated from the national interconnected grid.

The Kenya Power and Lighting Company Ltd is a Kenya-based company, engaged in the transmission, distribution and retail of electricity. It purchases electricity in bulk from Kenya Electricity Generating Company Limited (KenGen), Independent Power Producers (IPPs), Uganda Electricity Transmission Company Limited (UETCL) and Tanzania Electric Supply Company Limited (TANESCO). The Company manages an electricity network of more than 30,000 kilometers. The Kenya Power and Lighting Company Ltd operate in four regions, including Nairobi, Mount Kenya, Coast and West Kenya.

Electricity is transmitted at high voltages. In Kenya, electrical power is generated at between 11 and 15kV. The electricity is then stepped up to 220kV or 132kV for transmission to sub-stations. It is then stepped down to 132kV, 66kV, 33kV and 11kV at various feeder points for distribution to consumers. Large industrial and commercial customers are supplied at these high voltages. The electricity is stepped down to 415v/240v for other consumers. The national grid is the total interconnected network of transmission and distribution lines in the country's power system. The total length of lines in Kenya is about 30,400 km with various regions linked at 220kV and 132kV. A limited length of 66kV transmission lines also exists in Nairobi. The national grid impacts on the future growth of the electricity sector. Any additional generation capacity must take into consideration the existing network and its capacity to carry additional power. An adequate transmission capacity ensures that power flow requirements are satisfied (Wright and Ketchen, 2001).

1.2 Research Problem

The resource based view of strategy emphasizes economic rent creation through distinctive capabilities. Economic rent, or Economic Value Added (EVA), is what companies earn over and above the cost of the capital employed in their business. It is the measure of the competitive advantage, and competitive advantage is the only means by which companies in competitive markets can earn economic rent (Makadok, 2001). The objective of a company is to increase its economic rent, rather than its profit as such. "A company which increases its profits but not its economic rent - as through investments or acquisitions which yield less than the cost of capital - destroys value. The perspective of economic rent forces the question 'why can't competitors do that?' into discussion (Prencipe. 2001).

A competitive advantage can be attained if the current strategy is value-creating, and not currently being implemented by present or possible future competitors (Barney, 2001). Although a competitive advantage has the ability to become sustained, this is not necessarily the case (Lovas, Ghoshal 2000).

A competing firm can enter the market with a resource that has the ability to invalidate the prior firm's competitive advantage, which results in reduced (read: normal) rents (Barney, 1986b, p658). Sustainability in the context of a sustainable competitive advantage is independent with regards to the time-frame. Rather, a competitive advantage is sustainable when the efforts by competitors to render the competitive advantage redundant have ceased (Barney, 2001). When the imitative actions have come to an end without disrupting the firm's competitive advantage, the firm's strategy can be called sustainable. This is contrary to other views that a competitive advantage is sustained when it provides above-average returns in the long run (Porter, 2005).

Resources are inputs into a firm's production process, such as capital, equipment, and the skills of individual employees, patents, finance, and talented managers. Resources are either tangible or intangible in nature. With increasing effectiveness, the set of resources available to the firm tends to become larger. Individual resources may not yield to a competitive advantage. It is through the synergistic combination and integration of sets of resources that competitive advantages are formed (Argyres and McGaha 2002).

Much local literature has focused on business reengineering for instance Grace (2001) who carried out a study on effect of business process reengineering on business process cycles, the case of KPLC, Njoroge (2002), carried out a study on customer's perception of service quality in a decentralized system in the public utility sector in Kenya focusing on KPLC ltd, Nyaoga 2003 undertook a study on analysis of customer perception of services offered by KPLC in mount Kenya region. There has been no study which has ever focused on challenges facing implementation of resource base view strategy .This study therefore seek to fill this gap of knowledge by investigating challenges facing implementation of resource base view strategy at Kenya Power and Lighting company.

Specific resources and capabilities drive the implementation of the RBV and suggest that there is need to examine further the characteristics that resources and capabilities possess that enable a firm to implement a RBV. These characteristics enable the identification of unique resources and capabilities, something that has been an obstacle for the practice of the RBV (Conner, 2001). This study provides statistically significant findings that further enhance our

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The literature within the RBV is quite eclectic with contributions from a variety of perspectives including organizational structures and cultures, managerial competence, technological capabilities and core competences. In consequence, that body of literature that describes the RBV is syncretism in nature and a central theme is quite difficult to identify. However, this view broadly sees the resource endowment of a firm as the principal source of strategy options rather than constant repositioning in the face of shifts in the external environment. The resources of the firm will provide the basis for its survival and success through time as external conditions in the environment change (DeWit and Meyer, 2004).

2.2 Theory and Concept of Resource Based View

The RBV is the attempt in recent years to develop the original classical microeconomic theory of the firm in order to examine the vital behavioural features of the variables embedded within it. The theory of the firm was seen as a non-dynamic, steady-state model which, in itself, was not capable of explaining the diverse nature of industries with heterogeneous firms and performance asymmetries that was evident in the world (Floyd and Wooldridge, 2000). It is important that the RBV is seen as the development of the theory of the firm, rather than a replacement for it. Many of the writers in the classical tradition realized its imperfection as a model of reality, but they also understood it as a powerful tool for analyzing the dynamics of competitive behavior as a concept within the economist's traditional, analytical framework. The central message of the RBV is that strategic assets are knowledge of what is required to implement a resource-based strategy within an organisation. It goes further to demonstrate that there are significant financial and non-financial consequences as a result of the pursuit of a resource-focused strategy.

1.3 Objectives of the Study

The main objective of this study was to establish the challenges facing implementation of resource base view strategy at Kenya power and lighting company.

1.4 Value of the Study

The study will be significant as it will provide a valuable insight on challenges facing implementation of resources base view strategy at Kenya power and Lighting Company and ways of minimizing them for effective resource based view strategy implementation at the company. The findings of this study will also provide valuable insight to all those interested in investing in the power generating firms. It will also help the Government in developing policies that will ensure smooth implementation of resource base view strategy in firms and scholars in this area will use this study as a form of reference to undertake further research.

essentially intangible and therein lays the paradox. How do managers recognize, define and shape (Alien and Helens 2006).

The insights of the RBV would appear to require the endorsement of history for their validation. The discussion of strategic assets within the literature takes them as a starting point and to this extent the RBV, as an explanation of strategic success, would appear to be essentially tautological, proffering the idea, in essence, that successful firms deploy assets superior to those of less successful firms. The theory does little to advance us from the position of seeing strategic assets as accidents of history, which can be subsequently shown to have been the result of certain resource strengths in combination with certain benign environmental conditions. Thus success is a path-dependent phenomenon, the product of human imagination, creativity, luck and adventitious environmental events. Thus, we are driven to the conclusion that the usefulness of the RBV is of a descriptive rather than explanatory nature and as such does not equip strategists with practical competitive advantage-building propositions (Lovas & Ghoshal, 2000).

Furthermore, the theory describes successful organizations with market power that, by definition, are likely to be a small proportion of the corporate population. Managers in smaller businesses that are not ‘big names’ or industry leaders normally operate in a fashion that is typically, Operations and cost focused, Customer driven, Reactive, Concerned with short-term results , Planned within a steady-state industry model (Beaver and Jennings 2000).

In these circumstances the stimulus for management decision making is usually provided by external pressure which, in combination with a probably price-elastic demand function, would suggest that for small businesses the idea of strategic assets with their concomitant of market power is inappropriate. In the absence of market power and facing a demand curve of dominant buyers there appears little, if any, scope for such managers to pursue the creation of strategic assets as envisaged by the RBV even if the RBV were capable of providing specific guidance in this respect (DeWit & Meyer, 2004).

2.3 The resource-based view and competitive advantage

The pursuit of competitive advantage is an idea that is at the heart of much of the strategic management literature (Porter, 2005). Indeed, Aharoni (2006) argues that, whatever its different definitions, strategy entails an attempt by a firm to achieve and sustain competitive advantage over other firms. This prominent role of competitive advantage may derive from the economic and militaristic origins of the strategy literature. Early classical economists give pride of place to the idea of the rational economic man inherently pursuing his own self-interests, and, therefore, strategy could be seen as an elaborate game of move and counter-move, bluff and counter-bluff as businesses sought to gain positions of advantage (von Neumann and Morgenstern, 2004). The idea of seeking to achieve positions of advantage through success in competitive battles has a strong militaristic flavour. Indeed, the word strategy itself is related to the Greek work stratos, meaning army (Cummings, 2003) and military metaphors such as leadership, planning and implementation are very prevalent in the strategy literature (Homburg, Workman and Jensen, 2000).

The resource-based view of the firm (RBV) has emerged in recent years as a popular theory of competitive advantage. What followed was something of an explosion of interest reflected in a diverse range of contributions which were based on insights from both economics and management (Williams, 2002). The principal contribution of the resource-based view of the firm to date has been as a theory of competitive advantage. Its basic logic is a relatively simple one. It starts with the assumption that the desired outcome of managerial effort within the firm is a sustainable competitive advantage (SCA). Achieving an SCA allows the firm to earn economic rents or above-average returns. In turn, this focuses attention on how firms achieve and sustain advantages. The resource-based view contends that the answer to this question lies in the possession of certain key resources, that is, resources having the characteristics of value, barriers to duplication and appropriability. An SCA can be obtained if the firm effectively deploys these resources in its product-markets. Therefore, the RBV emphasizes strategic choice, charging the firm's management with the important tasks of identifying, developing and deploying key resources to maximize returns (Brander, Brown and Atkinson, 2001).

2.4 Sustainable competitive advantage and superior performance

Though discourse on competitive advantage is widely prevalent, clear definitions are rare and it is often used interchangeably with concepts like distinctive competence (Day and Wensley, 2008). Understanding competitive advantage requires an analysis of its constituent elements. Advantage is a relative concept (Homburg Workman and Jensen 2000), only meaningful when compared to another entity or set of entities. A competitive advantage, then, is an advantage one firm has over a competitor or group of competitors in a given market, strategic group or industry (Kay, 1993). Any given firm may have many advantages over another firm, such as a superior production system, a lower level of wages and salaries or an ability to deliver superior customer service, but the important advantages are those in which customers place some level of value (Coyne, 2006). Therefore, the locus of advantage is in the marketplace and positions of advantage are generally regarded as being either differentiation or lower delivered cost (Porter, 2005) or both (Gilbert and Strebel, 2009). More than one firm in a given market can have a competitive advantage. For example, firm A can have an advantage over firm B but firm B can also have an advantage over firm C (Kay, 2003).

Also of interest to researchers is the question of whether advantages are sustainable. The terms sustained advantage (Barney, 2001) and sustainable advantage (Grant, 2002) both appear in the literature, but both can be interpreted in the same way. Sustainability does not refer to a particular period of calendar time, nor does it imply that advantages persist indefinitely (Gunther McGrath et al., 2005) but rather depends on the possibility and extent of competitive duplication. Industries such as financial services are typically cited as examples of where sustainable advantages are difficult to attain and competitive moves are rapidly imitated (Bhide, 2006). The attainment of an SCA can be expected to lead to superior performance measured in conventional terms such as market-share and profitability (Bharadwaj et al., 2003). However, the economics literature holds that, given strong competitive pressures, high rationality will prevail and such economic rents will dissipate (Schoemaker, 2000). But where the resources underlying the advantage are limited or quasi-limited in supply, superior returns will persist (Peteraf, 2003), focusing attention on the nature of the firm's resource pool.

2.5 The characteristics of advantage-generating resources

The list of resources in any given firm is likely to be a long one. One of the principal insights of the resource-based view is that not all resources are of equal importance or possess the potential to be a source of sustainable competitive advantage. Much attention has focused, therefore, on the characteristics of advantage-creating resources. Barney (2002) proposes that advantage-creating resources must meet four conditions, namely, value, rareness, inimitability and non-substitutability. Grant (2001) argues that levels of durability, transparency, transferability and replicability are important determinants, while Collis and Montgomery (2005) suggest that they must meet five tests, namely inimitability, durability, appropriability, substitutability and competitive superiority. Amit and Schoemaker (2003) go even further, producing a list of eight criteria: complementarily, scarcity, low tradability, inimitability, limited substitutability, appropriability, durability, and overlap with strategic industry factors. In the interests of parsimony, these various conditions and characteristics are considered under the headings of value, barriers to duplication and appropriability.

It was noted above that value to customers is an essential element of competitive advantage. Therefore, for a resource to be a potential source of competitive advantage, it must be valuable or enable the creation of value. In the words of Barney (2001), it must permit the firm to conceive of or implement strategies that improve its efficiency and effectiveness by meeting the needs of customers. This implies that, though resources may meet other conditions, if they do not enable the creation of value, they are not a potential source of advantage. It also indicates a complementarily between the resource-based view and environmental models of competitive advantage (Collis and Montgomery, 2005). The firm must identify those resources which are overlapping or congruent with the strategic industry factors (SIFs) prevalent at the present time and likely to be important in the future (Amit and Schoemaker, 2003), if advantage is to be attained.

The inability of competitors to duplicate resource endowments is a central element of the resource-based view. However, the discussion of barriers to duplication has been complicated by the inconsistent and at times conflicting use of terminology in the literature. Several overlapping classification schemata have been proposed including asset stock accumulation and capability gaps (Coyne, 2006), capability differentials (Hall, 2002, 2003), ex-post limits to competition, isolating mechanisms, uncertain inimitability (Lippman and Rumelt, 2002), and causal ambiguity (Reed and DeFillippi, 1990). Again, in more parsimonious terms, barriers to duplication can be said to exist if the resource is inimitable, immobile and non-substitutable.

A resource may be inimitable if it cannot be clearly identified or if its ability to generate superior performance is unclear. Such causal ambiguity exists where resources are highly tacit, highly complex or are the result of accumulated firm-specific activities (Reed and DeFillippi, 2000). Even in cases where advantage-creating resources are identifiable, they may be inimitable due to regulatory protection such as in the case of patents and copyright (Hall, 2002) or due to economic deterrents such as pre-emptive, large-scale investments (Collis and Montgomery, 2005). Resources must also be immobile. This is particularly true in the case of services industries such as investment and advertising where individuals or small groups may be the key advantage creating resource and may be hired away by competitors. Similarly, advantage-generating resources must not be easily substitutable.

Finally, once value is derived from a resource, the key question becomes: who appropriates it? Value is invariably subject to a host of potential claimants such as customers, suppliers, employees, shareholders and the government (Collis and Montgomery, 2005). Appropriation of value becomes a particular problem where property rights are not clearly defined. While the firm may be effective in appropriating value from its physical and financial assets, it may be less so in the case of intangible assets such as brand names and copyright (Grant, 2001). Of particular interest in recent years has been the appropriation of value by the firm's human resources. Shortages and employee mobility have resulted in escalating salaries in, for example, the information technology, financial services and sports sectors, where employee bargaining power enables individuals to appropriate a major portion of value-added. Companies must, therefore, guard against the dissipation of value added and appropriability is the ability to turn value added into profit (Kay, 2003).

2.6 Organizational Barriers

In addition, a separate set of organizational barriers to effective marketing planning is also alarming. Individual manager's empire building causes problems and detracts from the benefits to the company of shrewd planning: information is power or "hold over the plan is control" are not traits likely to benefit a business. A lack of acknowledged corporate value given to planning and those responsible for it, plus personality clashes, are facets of corporate life well known to most managers. The process of planning, however, requires sharing of information and ideas, effective communications, a focus on the market rather than internal "petty office politics" and an acceptance that the plan is designed to enhance the overall fortunes of the business rather than any single brand, product group, market territory or manager (McDonald, 1995). Many of the leading authors on marketing planning (Bhote, 2008) focus on the content and process of marketing planning. It is clear that in addition, more attention must be devoted to the managerial processes and practices pre-requisite to the act of marketing planning. This is not to say the traditional concerns of instilling thorough marketing planning do not apply. There is still a poor comprehension of the required balance between analysis, strategy and tactical programs. The fit between marketing planning and corporate objectives is something of a chasm in many organizations.

A lack of adequate information is a frequently cited concern (23 percent) and together with the stated lack of knowledge about customers (19 percent), reveals that marketers and their colleagues still have significant worries about the amount, rigor and validity of information utilized in determining marketing plans and their recommendations. In many organizations, production of the annual marketing plan is the only opportunity for managers to "step back" from their daily operationally-driven activities to analyze market developments, changes in the marketing environment, customers' evolving buying processes and needs, plus the ever-varying competitive arena. It is still surprising just how much guess-work goes into many businesses' assessment of marketing opportunities and their development of marketing plans (Dibb and Simkin, 1997).

The role played in planning by non-marketers is if anything more of a concern now than as identified in earlier studies. Poor involvements of functions, low team commitment, lack of enthusiasm for planning amongst non-marketers, no power for marketers to talk to other functions and the need to understand them better, are all facets of one underlying problem inherent in much marketing planning (Lewis, 2005). Non-marketers have a wealth of knowledge and insights to bring to marketing planning: R&D personnel hear what is evolving elsewhere, technical managers understand what is feasible to produce/deliver, financial managers assist in bringing realism to the debate and the sales force actually meets and talks to customers. Over three quarters of the organizations surveyed fail to involve non-marketing personnel in their planning deliberations. This felony is compounded given these personnel are essential for the effective adoption and implementation of the resulting marketing program recommendations (Miller, Wilson and Hickson, 2004).

The absence of a sound strategy has often contributed to ineffective quality improvement. Juran noted that deficiencies in the original planning cause a process to run at a high level of chronic waste. Using data collected at then recent seminars, Juran reported that although some managers were not pleased with their progress on their quality implementation agenda, they gave quality planning low priority. As Oakland said, the pre-planning stage of developing the right attitude and level of awareness is crucial to achieving success in a quality improvement program. Brossert observed that the planning stage has often been delegated by a seat of the pants approach (Olson, Slater and Hult, 2005). This method is often viewed as too theoretical, detailed and mundane to be practical. The common belief is that doers are recognized and rewarded while planners just plan. The latter work is thought to be simple and timely because of the lack of available tools. Newall and Dale reported that a large number of companies are either unable or unwilling to plan effectively for quality improvement. Although many performed careful and detailed planning prior to implementation, not one of the firms studied or identified beforehand the stages that their process must endure.

A quality implementation program will succeed only if top management is fully committed beyond public announcements. Success requires devotion and highly visible and articulate champions. Newall and Dale found that even marginal wavering by corporate managers was sufficient to divert attention from continuous improvement (Otley, 2001). Additionally, Schein reported that the U.S. Quality Council is most troubled by the lack of top management commitment in many companies.

Major obstacles include the preoccupation with short-term profits and the limited experience and training of many executives. Juran, for example, observed that many managers have extensive experience in business and finance but not in quality improvement. Similarly, Bhote pointed out that although the CEO does not have to be a quality expert, programs fail when the CEO does not recognize the contribution these techniques make toward profitability and customer satisfaction (Pearce and Robinson, 2007).

A common problem in implementing a quality program is the lack of acceptance by middle and lower managers. Often, line managers isolate themselves from floor workers and resist considering their suggestions. As the vice president of Avco Financial stated, the entire organization was disrupted when middle management resistance was allowed to persist. Newall and Dale confirmed that the majority of problems are usually within the middle strata, and cited one cause as the erroneous belief that nothing is wrong with the current system and management. As Cox pointed out, however, a middle management "mafia" often sabotages a large portion of genuine worker initiative and innovation because it is not convinced that A Resource Base View is a worthwhile pursuit (Miller, 2002).

A workforce is often unwilling to embrace A Resource Base View for a variety of reasons. Oakland explained that a lack of long-term objectives and targets will cause a quality implementation program to lose credibility. Production workers must want A Resource Base

View to continue because they recognize the real benefits to society (Richardson and Dennis, 2003). Lehr pointed out that at one company the improvement effort was sometimes misinterpreted as a motivation, productivity or cost-reduction program. Keys warned that an adversarial relationship between management and non-management should not exist, and he emphasized that a cooperative relationship is necessary for success. A Resource Base View project must be supported by employee trust, acceptance and understanding of management's objectives (Richardson and Dennis, 2003).

A Resource Base View should be a high priority with senior executives because it pertains to the long-term success of the organization. The implementation of a successful Resource Base View project precipitates rapid quality improvement (Piercy, 2002). However, the financial rewards are more long-term. This leads to initial disappointment, considering the extraordinary effort and innovation required to eliminate the last five percent of defectives.

Rewards and incentive programs are seldom shifted to favor quality improvement. When they are, Cox warned against the use of extrinsic controls that compel behavioral changes in people. He observed that performance measures placed on managers may lead them to take quality improvement seriously, but only enough to meet the minimum standards. In such cases, the company culture remains predominantly production-driven even though management may believe that it has achieved total quality. In addition, worker incentives often cause conflict and inhibit the cooperation needed for continuous improvement (Venu, 2001).

2.7 Empirical review

Intangible assets have always been present in a company's operations. The first recorded mentioning of intangibles can be found in 1896 by Lawrence R. Dicksee, (Wu, 2005), and Kenneth Galbraith for the term intellectual capital in 1969 (Bontis, 1998). It has only been in the last couple of decades that this field has skyrocketed into prominence. The importance of disclosing information related to intangibles has also grown significantly. In an attempt to derive a common definition of intangibles from a resource-based view perspective, it is important to conduct an initial review of some of the more common characterizations. For instance, Lev (2001) uses some of the terms synonymously, claiming that they "refer essentially to the same thing: a non-physical claim to future benefits" (Lev, 2001, p. 5). He claims that the terms "are widely used – intangibles in the accounting literature, knowledge assets by economists, intellectual capital by management, and intellectual property in the legal literature – but they refer essentially to the same thing: a non-physical claim to future benefits" (Lev, 2001, p. 5). They argue that this confusion may undermine the promotion of intangibles.

The authors of the MERITUM (2002) project apply the same arguments as Lev (2001). They argue that intellectual capital originates from the "human resources literature", whereas intangibles come from an "accounting perspective (Johanson, 2000, p. 59). Intangible assets as a term; is even more restrictive since it refers to the recognition-criteria of the current accounting system (MERITUM, 2002) and often "does not cover all components of intangibles (Andriessen, 2004, p. 63). If one applies the definition of intangible assets as stated by regulatory standard setters such as the IASB (or the FASB), it is increasingly evident that one is referring to an item that can or cannot be presented in a balance sheet.

This accentuates the confusion that already exists. Ultimately, from most definition reviewed in the extant literature, it can be determined that there is no clearly agreed or hierarchical relationship between intangibles, intangible assets and intellectual capital.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that was used to carry out this study. Research methodology is defined as an operational framework within which the facts are placed so that their meaning may be seen more clearly. The methodology of this research included research design, population to be studied and sampling strategy, the data collection process, the instruments used for gathering data, and how data was analyzed and presented.

3.2 Research Design

This was a case study research. A case study design is most appropriate where a detailed analysis of a single unit of study is desired as it provides focused and detailed insight to phenomenon that may otherwise be unclear. This is advocated by Young (2000) who acknowledge that a case study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit, irrespective of what type of unit is under study. It is a method that drills down, rather than cast wide. This may not be possible with other methods of study. Case study has been chosen as it enables the researcher to have an in-depth understanding of the study.

3.3 Data Collection

The study used an interview guide to collect the required data. An interview guide is a set of questions that the interviewer asks when interviewing (Mugenda and Mugenda, 2003). It makes it possible to obtain data required to meet specific objectives of the study. The interviewees are the top managers and functional heads in charge of finance, risk management, information technology and operations, human resources, marketing and research division, and public affairs and communication division. The researcher sought to utilize the respondents since they are more versed with strategic issues for it is them that formulate and oversee the implementation of strategic decisions and are as a consequence experienced in that area.

3.4 Data Analysis

Content analysis was employed to process data collected. It involves observation and detailed description of phenomena that comprise the object of study. This method is preferred because the information collected was qualitative and therefore require analytical understanding. The approach has been used before by Machuki (2005) and Ateng (2007) on similar researches i.e. challenges to strategies implementation at CMC motors group and Ministry of Finance in Kenya respectively. The researcher used the data with an aim of presenting the research findings in respect to the challenges facing implementation of resource based view strategy at Kenya Power and Lighting Company.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF THE RESULTS

4.1 Introduction

This chapter presents analysis of data collected on challenges facing implementation of resource base view strategy at Kenya power and lighting company. The study collected qualitative data from the top managers and functional heads in charge of finance, risk management, information technology and operations, human resources, marketing and research division and public affairs and communication division. The study findings are discussed in the following subsections.

4.2 Designation of the employees

In every organization, the employees always seek for promotion and others aim at some high positions in the organization. This is for attainment of social gratification and self fulfillment as well as career progression. The researcher requested the interviewees to state their designation in Kenya Power and Lighting Company (KPLC). The findings indicate that the managers and heads of the diverse departments of the corporation have divergent designations. From those interviewed, some are domineering at being procurement managers, customer services' manager, marketing officer etc.

4.3 Use of resource based view as a competitive strategy

Most of the managers and heads of diverse departments in KPLC admitted that KPLC has been using resource based view as a competitive strategy. For instance, the company utilizes the unique skills of the professional engineers to do consultancy services in Africa (Liberia) and Asia (Afghanistan). The company also considers the available resources before any major undertaking so as to ensure that the planned projects can be accomplished using the available resources of finance, manpower and materials, IT, distribution network and fiber optic network which KPLC is selling to Safaricom, KDN, Airtel etc.

4.4 Essence of resource based view strategy

Kenya power and lighting company (KPLC) has been using the resource based strategy as a competitive strategy for several reasons. This is advantageous as it helps the organization focus on what it can perform best and advance on it. The strategy also is inimitable by other organizations since it is based on the internal components of the organizations. The use of the available resources especially the work force is advantageous as they have more experience on what they do in their respective positions. This increases efficiency due to learning effect advantages.

4.5 Identifying, developing and deploying key resources in KPLC

The information provided by the respondents' shows that the company's management is charged with identification, development and deployment of key resources to maximize returns. For example the company gives employees targets and the duration of time based on the resources available to the supervisor. The company also matches the terms of reference and the human resource requirement of the projects to certain people in the company to undertake specified tasks on different departments such as revenue protection, network studies, system losses etc.

4.6 Strategic resources in KPLC

According to the respondents, the company has a vast reservoir of resources. The company has highly qualified and experienced human capital, distribution network, equipment, information technology system (SAP)for Budget holders, ICS for handling customer queries, IMS, for emergency cases like power outages, CRM software to track and resolve customer complaints.

4.7 Factors leading to superior performance in KPLC

The respondents stated that there company's superior performance in market share and profitability was due to some strategies put by the company and the nature of the company's services. The company employs various strategies to remain competitive in the market. According to the respondents, the company's profitability has been associated to several initiatives: the company does monitoring and evaluation regularly,continually improving customer service in a view of increasing customers' satisfaction levels, pays higher dividends, has corporate social responsibility programmes, enjoys wide customer base and has acquired a large market share. Moreover, the company has had a very promising growth of market thro expanding the customer base.The company also enjoys reduced competition since private sector face high costs of capital to enter into the power market.

4.8 Barriers to effective marketing planning in KPLC

The respondents cited some challenges affecting the company in carrying out effective marketing. They cited problem of inflation which increases the costs continuously. the company also faces challenging government controls and interventions, there is also a problem of fluctuation of dollar exchange rates and fuels prices which in turn affect tariff rates and their yield in the normal three-year cycle of tariff reviews, ineffective market segmentation, low affordability of the cost of power by most of power consumers and the mix of marketing objectives with other objectives such as operation efficiency. Which diverts the attention of marketing to other objectives

4.9 Information and knowledge about customers of KPLC

Some of the respondents confessed that the organization does not have adequate information about their customers for forecasting customer needs especially the customer locations . There is a disconnect between the policy marketing aim and the operational goal. The respondents also reported unreliability of data capture systems of the locations, contacts and account numbers. However, some of the respondents felt that the company had adequate information about their customers since the company carries out customer satisfaction survey twice a year with a view of getting information about their customers, through customer visits, ASK shows, road shows and exhibitions.

4.10 Planning at KPLC

The respondents expressed their dissatisfaction of KPLC's poor planning. According to the respondents, though the customer satisfaction surveys are conducted regularly, implementation of recommendations is not taken seriously. organizations occasionally launches products without conducting proper marketing planning eg the prepaid metering system which was implemented in a hurry, with many faulty meters installed and leading to huge losses to the Company as it had to discontinue the project and sort out various anomalies emanating from the project.

4.11 System of management in the company

The respondents were dissatisfied with the company's strategic management citing that the company lacked cross functional processes approach, lack of customer focus such as re-branding, poor communication to customers on new products, services, policy issues. The organizational management had some inconsistencies in policies, promotions and transfers. On the management of operations, the respondents quoted the irregular power failings in some areas, failure to meet targets in time and delays in delivering services to the consumers. The respondents faulted the financial management as exhibiting a lot of wastage of finances in some of the projects taken, insatiable budgets, poor implementation of the planned projects which affects the financial stream of the company.

CHAPTER FIVE: CONLUSION AND RECOMMENDATION OF THE STUDY

5.1 Introduction

This study was motivated by the need to establish the major challenges affecting the implementation of the resource based view strategy in KPLC. This chapter provides the conclusions, limitation and suggestions of further studies. The chapter ends with the recommendations of the study.

5.2 Conclusion of the study

The study has noted that KPLC has been using resource based view strategy as a competitive strategy. The company for instance, has utilized the services of their professional engineers to do consultancy services in Africa (Liberia) and Asia (Afghanistan). The company also considers the availability of the key resources such as finance, manpower and materials before engaging in heavy projects. The use of the own work force has the advantage of increasing the efficiency of the workers because of the learning effects benefits. Secondly, the resources of the company are unique are inimitable by other organizations. Thirdly, the company can focus on what it perform best and advance on it.

The study has noted that the company's management has been charged with identification, development and deployment of key resources to maximize returns. The study has noted that supervisors of different departments consider the resources available to them before making targets to their sub-ordinates. The company matches the terms of reference and the human resource requirement of the projects to certain people in the company to undertake specified tasks on different departments such as revenue protection, network studies, system losses etc. The company has a vast range of resources. KPLC has highly qualified and experienced human capital, distribution network, equipment, information technology system (SAP) used by budget holders, etc ICS for handling customer queries, IMS, for emergency cases like power outages CRM software to track and resolve customer complaints.

The study notes that the company's superior performance in market share and profitability is due to nature and several measures put in place by the management. For example, the company does monitoring and evaluation regularly, meets customers' satisfaction, pays higher dividends, has corporate social responsibility programmes, enjoys wide customer base and has acquired a large market share. The company also enjoys reduced competition since private sector face high costs of capital to enter into the power sector. Further, the market in which it is operating seems promising.

However, the study noted some setbacks to the company's effective marketing and planning. The company faces government controls and intervention, there is unstable fluctuation of the dollar exchange rates and fuel prices which in turn affect tariff rates and their yield in the normal three-year cycle of tariff reviews. The market segmentation is ineffective, low affordability of the cost of power by most of power consumers and mix of marketing objective function with other functions such as the operational function. This diverts the attention and disturbs the allocation stream of providing materials. The company has information about their customers gotten through the results of customers' satisfaction surveys done twice in a year, field visits, shows and exhibitions. Although, the data capture system of the locations, contacts and account numbers seems unreliable.

Although the company has initiated five-year corporate plan, performance targets and departmental planning, it has occasionally suffered the fate of unsustainable projects such as the inadequacy of meters in Equity bank campaign. The company has inadequate cross functional process approach, has less than desired customer focus such as re-branding. On organizational management the company experiences inconsistencies in policies, promotions and transfers. The study findings also revealed weak areas in operational management such as irregular power failings in some areas, failure to meet targets in time and delays in delivering services to the consumers. The respondents faulted the financial management as exhibiting a lot of wastage of finances in some of the projects taken, insatiable budgets and poor implementation of the financially heavy burdening plans of the company.

5.3 Limitations

The study was motivated by the need to establish the challenges facing the implementation of the resource based view strategy in KPLC. The study's scope was centered on the managers of different departments and section at KPLC. The study was silent on the competitive strategies employed and the extent of their effectiveness in achieving financial progress. This study therefore suggests further studies to be done on the competitive strategies and extent of effectiveness in KPLC.

5.4 Recommendations

The study has found that the market segmentation is ineffective and has been a challenge to the KPLC's growth. This study therefore recommends that the management reviews the policies and adjust their segments to suit the need of the particular areas. The findings of this study also highlight mix of attention between operational and marketing functions which in turn has shifted the attention paid to the marketing goals. This study, therefore recommends that the policies be review so as to provide a clear cut line among the different functions of the company. This will eliminate the problem of overlaps in interests.

The study findings imply weak data capture systems of the locations, contacts and account numbers of the customers. This study therefore recommends that the data systems be upgraded to meet and suit the need of the immediate market. The study findings revealed weak areas in operational management such as irregular power failings in some areas, failure to meet targets in time and delays in delivering services to the consumers. This study therefore recommends that proper and permanent cables and materials be used to replace the old ones to curb the problem of frequent power breaks specific areas.

The study findings revealed a lot of financial wastage and use of insatiable budgets which occasion's poor implementation of the planned projects. The study recommends that proper planning be done before any major project is initiated by the company. The findings of this study highlight ineffectiveness in communication. It is therefore recommended that communication policies be reviewed to improve communication between departments, members of the staff and with all stakeholders.

Proper and efficient marketing should be done by the company so as to engage users to understand the new products(marketers, customer relations & branch business heads) eg visit other power companies to learn about the products. currently, only engineers travel out .

The company should also come up with cross functional meetings so as to harmonize operations of the company. This will ease and prevent conflicts in the company. The company occasionally faces inadequacy of materials. It is therefore recommended that procurement, operation and marketing to address this issues as this leads to connectivity targets not been met affecting revenue.

The company should initiate basic training programs on customer care. Since unfriendliness of the staff to the public leads to a tainted corporate image. Since, there can never be any meaningful cultural change without the lower cadre staff who meets customers on a daily basis relating well with them. This can be overcome by having training on customer handling.

The Launch of the National Call Centre which is long overdue should be speeded to serve customers more quickly. Currently customers go through horrifying experiences while they try and call our call centre especially in Nairobi where the bulk of the customers are as well as the biggest chunk of the revenue. The company Engineers needs to stick to professional codes of ethics. This will change their attitude on how they respond to customer complaints. Since, they barely, adhere to the management targets especially responding in time.

5.5 Suggestions of Further Study

The study recommends further research on effectiveness of resource base view strategy at Kenya Power and Lighting Company. This will enable Kenya Power and Lighting Company to determine whether the goals outlined in the resource base view strategy have been achieved.

The study recommends further research on the impact of resource base view strategy on organizational performance at Kenya Power and Lighting Company. This study will enable Kenya Power and Lighting Company to evaluate the contribution made by resource base view strategy to the overall performance of the organization. The organization will therefore be able to review their strategies based on the findings of the study.

5.6 Implication of the study on policy theory and practice

The findings on ineffectiveness of market segmentation at KPLC imply that the organization has to formulate strategies on market segmentation. Such strategies will help KPLC to design their services to cater for different market segments. The management at KPLC should also review organizational structure in order to enhance clarity of duties and responsibilities. Moreover, there should be clear communication policies within the organization. This policy recommendation is based on the study findings which revealed a mix of attention between operational and marketing functions which in turn has shift the attention paid to the marketing goals.

Kenya Power and Lighting Company should adopt advanced technologies used in managing data and other operations at the company. The company should review the strategies adopted in operational management with a view of improving the quality and efficiency of service delivery. Regular training programs for different categories of staff at KPLC will also assist in achievement of better performance at KPLC. As a measure to improve the effectiveness of management strategies at Kenya Power and Lighting Company, there should be regular meetings convened for discussions of organizational performance. Last but not least, the monitoring and evaluation of various policies at KPLC will ensure that organizational objectives are met.

REFERENCES

Aharoni, R. (2003). What I learnt in elementary school, Address at the British Mathematical Colloquium, Birmingham.

Aharoni, Y. (2006). Book review: The Regional multinationals MNEs and global strategic management, *International Business Review,* vol. 15 (4), 439-446.

Alien, K.S., and Helens, M.M. (2006). Linking Strategic Practices and Organizational Performance to Porter's Generic Strategies, *Business Process Management Journal*,

Amit R, and Schoemaker P. J. (1993). Strategic assets and organisational rent. *Strategic Management*

Andriessen, D. (2004). *Making Sense of Intellectual Capital*, Elsevier, Amsterdam.

Ansoff, R. (2000). The postmodern challenge to scientific psychology. Paper presented at the monthly November meeting of the Northern Virginia Chapter of the Washington, D. C. Secular Humanists.

Argyres, N.., McGaha, A.M. (2002), An interview with Michael Porter, *Academy of Management Executive,* Vol. 16 No.2, pp.43-52.

Barney JB, Griffin R W. (2002). *The Management of Organisation: Strategy, Structure, Behaviour.*

Barney, J. (2001). Firm resources and sustained competitive advantage, *Journal of Management*, Vol. 17 No.1, pp.99-119.

Barney, J.B., (2001). Is the Resource-Based Theory a Useful Perspective for Strategic Management Research? Yes. *Academy of Management Review*; 26, (1), pp. 41–56

Beaver G, Jennings PL. (2000). Small business, entrepreneurship and enterprise development.

Bhote, K.R. (2008). The Management of Change, World Class Quality, AMA Membership Publications Division,.

Bontis, N. (1998). Intellectual capital: an exploratory study that develops measures and models, *Management Decision*, Vol. 36 No.2, pp.63-76.

Brander Brown, J and Atkinson, H. (2001). Budgeting in the information age: a fresh approach, *International Journal of Contemporary Hospitality Management*, Vol. 13 No.3, pp.136-43.

Brossert, James L., (1991). Quality Function Deployment, ed. E.G. Schilling, ASQC Quality Press, Milwaukee, WI.

Collis D. J. (2004). Research note: How valuable are organisational capabilities? *Strategic Management Journal* 15: 143–152.

Cox, J., (1990). Resource Base View and the Buyer, Purchasing and Supply Management, February.

Coyne KP. (1986). Sustainable competitive advantage .what it is and what it isn't. *Business Horizons* Jan. /Feb: 54–61.

DeWit, B and Meyer, R. (2004). Strategy Process, Content and Context: An International Perspective: London Thomson.

Dibb, S, Simkin, L. (1997). Marketing and market planning: still barriers to overcome", EMAC Conference Proceedings, Warwick.

Floyd, S.W and Wooldridge, B. (2000), Building Strategy From the Middle: Reconceptualizing the Strategy Process, Sage Publications, Thousand Oaks, CA.

Grant RM (2002). The resource-based theory of competitive advantage. *California Management*

Grant RM. (2001). *Contemporary Strategy Analysis: Concepts, Techniques, Applications.* Basil Blackwell: Cambridge, MA.

Homburg, C., Workman, J.P., Jensen, O. (2000), Fundamental changes in marketing organization: the movement towards a customer-focused organizational structure, *Journal of the Academy of Marketing Science*, Vol. 28 No.4, pp.459-78.

Johanson, U. (2000). Characteristics of intangibles – proposals generated from literature and experienced Swedish firms, in Gröjer, J.E., Stolowy, H. (Eds), *Classification of Intangibles*, Groupe HEC, Paris, pp.56-77.

Juran, J.M. (1986). The Quality Trilogy. Quality Progress, August, KA (eds). Sage Publications: Thousand Oaks, CA; 63–8.1

Kays, David E. (2003). Five Critical Barriers to Successful Implementation of JIT And Total Quality Control, Industrial Engineering, January.

Lehr, Lewis, (2000). One Step at a Time: Implementing a Quality Process, A Quality Revolution in Manufacturing, Industrial Engineering and Management Press, Norcross, GA, 2000.

Lewis, C. (2005), fusing collective brain power, The Times, 4 August

Lovas B, Ghoshal S. (2000). Strategy as guided evolution. *Strategic Management Journal* 21(9): 875–896.

Makadok, R. (2001). Toward a Synthesis of the Resource-Based View and Dynamic-Capability Views of Rent Creation. Strategic Management Journal; 22, (5), 387–401

MERITUM (2002). *Guidelines for Managing and Reporting on Intangibles, TSER Programme*, MERITUM, Tucson, AZ.

Miller, A. (2002). Strategic Management, 3rd ed., New York: Irwin McGraw-Hill

Mugenda, O.M and Mugenda, A.G (2003) Research Methods, Quantitative and Qualitative Approaches, Nairobi: Acts Press.

Newall D. and Dale, B. (2000). The Introduction and Development of a Quality Improvement Process: A Study, *International Journal of Production Research*, Vol. 29, No. 9, Oakland, J.S. (2009). Total Quality Management, London. Heinemann,

Olson, E.M., Slater, S.F., Hult, G.T.M. (2005). The importance of structure and process to strategy implementation, *Business Horizons*, Vol. 48 pp.47-54.

Otley, D. (2001). Extending the boundaries of management accounting research: developing systems for performance management, *British Accounting Review*, Vol. 33 pp.243-61

Pearce. J.A. and Robinson, R.B. (2007). Strategic Management: Strategy Formulation and Implementation. Third Edition, Richard D. Irwin Inc

Piercy, N.F. (2002). Market-led Strategic Change: A Guide to Transforming the Process of Going to Market, Oxford: Butterworth-Heinemann

Richardson, O., and Dennis, C. (2003). UK Vineyards Sector Case Study: Analysis Of Retail Activities Using Exemplar Strategic Marketing Tools, British Food Journal, Vol. 105 No.9, pp.634.

Schein, L, (1989). The Road to Total Quality Views of Industry Experts, U.S. Conference Board Research Bulletin,

Wernerfelt, B. (1984). The Resource-Based View of the Firm. Strategic Management Journal; 5, (2), pp. 171–180.

Wu, A. (2005). The integration between balanced scorecard and intellectual capital, *Journal of Intellectual Capital*, Vol. 6 No.2, pp.267-84

APPENDIX I: INTRODUCTORY LETTER (UNIVERSITY OF NAIROBI)

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 3019
Nairobi, Kenya

DATE 29th September 2011

TO WHOM IT MAY CONCERN

The bearer of this letter LUCY NJERI NJOROGE

Registration No. D61/72806/2008

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

JUSTINE MAGUTU
ASSISTANT REGISTRAR
MBA OFFICE, AMBANK HOUSE

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA OFFICE
P. O. Box 30197
NAIROBI

APPENDIX II: AUTHORIZATION LETTER (KPLC)

The Kenya Power & Lighting
Co. Ltd.

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: KPLC1/5BA/42D/DOM/ls

29th September 2011

TO WHOM IT MAY CONCERN

RESEARCH APPROVAL – LUCY NJERI NJOROGE

Reference is made to the subject matter mentioned above.

Kindly allow Lucy Njeri Njoroge a student at Nairobi University who is doing her Masters in Business Administration to carry out a research project in the Company on ***"Challenges Facing the Implementation of Resource Based View Strategy in 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.

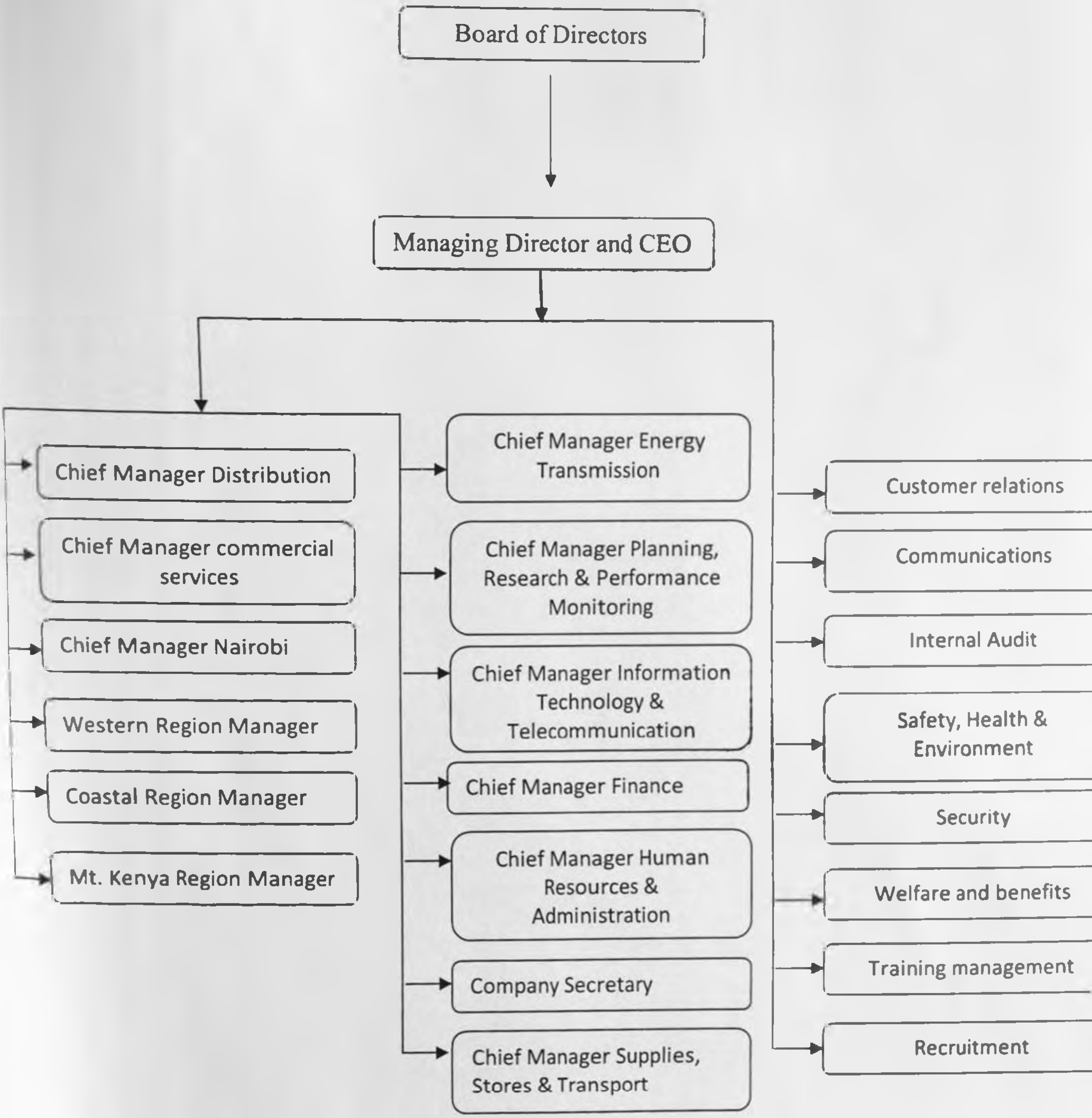
Yours faithfully,
For: KENYA POWER & LIGHTING CO. LTD.

MERCY MUCHIRA (MRS.)
HUMAN RESOURCE DEVELOPMENT MANAGER

APPENDIX III: INTERVIEW GUIDE

1. What is your designation in the company?
2. Has your company been using resource based view as competitive advantage?
3. How does resource based view help in achieving sustainable competitive advantage?
4. Does your company charge the management with the important tasks of identifying, developing and deploying key resources to maximize returns?
5. Which are the strategic resources that your company has?
6. What leads to superior performance measured in conventional terms such as market-share and profitability in your company?
7. What are the barriers to effective marketing planning in your company?
8. Does your organization lack adequate information and knowledge about customers?
9. Does your company experience poor planning?
10. Does your company experience lack of a) strategic management b) organizational management c) operational management d) financial management?

APPENDIX IV: ORGANIZATION STRUCTURE



Source: Kenya Power and Lighting Company (2011)