

**ROLE OF STRATEGIC LEADERSHIP IN STRATEGY
IMPLEMENTATION IN THE GEOTHERMAL DEVELOPMENT
COMPANY IN KENYA**

BY

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DECLARATION

This research project is my original work and to the best of my knowledge has never been presented for award of a degree in any institution of higher learning. No part of this research shall be produced without my consent or that of the University of Nairobi

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

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DEDICATION

This research work is dedicated to my son Quinton Lynnox and daughter Quinzel Laurel for having the patience to understand that I was always not available to be with them due to school commitments.

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ABSTRACT

It has become a common knowledge that most problems in strategic management are related to strategy implementation rather than strategy formulation. **Strategy implementation** stage is effecting the strategy and getting the organization to move in the strategy accomplishment direction. It can be defined as a process by which strategies and policies are actionable through development of procedures, budgets and programs. Strategic leadership has always been identified as the key driver of strategy implementation. The leadership's role is important because its actionable agenda and conclusion about how hard or fast to push for change are critical in shaping the implementation process. Strategic leadership can be defined as the ability to influence a group or members of a team towards goals achievement, and thus successful strategy implementation will highly depend upon the leadership skills of organizing, culture building, and working through others, establishing strategic controls, motivating, and creating strong fits between strategy and how the organization performs to eventually achieve organizational goals.

The objective of this study was to investigate the role played by strategic leadership in strategy implementation at the Geothermal Development Company (GDC). GDC is a 100% state-owned company, formed by the Government of Kenya to facilitate the development of geothermal resources in the country. Geothermal energy is an indigenous source of electricity that is reliable and environmentally-friendly. The formation of GDC was based on the policy by the government on energy (Sessional paper No.4, 2004) and the energy Act No.12 of 2006. In the literature review, the study provided a discussion of the relationship between strategic leadership roles and strategy implementation using three theories that support this relationship which are Contingency Theory, Upper-Echelon Theory and Implementation Theory. The study tried to determine the role of strategic leadership in effective strategy implementation by Geothermal Development Company in Kenya. Strategic leadership role in strategy implementation include shaping effective organizational culture, determination of strategic direction, effective management of organization's resource portfolio, building an organization, enforcement of ethical compliance, development of short-term objectives and plans, communicating strategy as well as establishment of balanced organizational controls.

The study was conducted through a case study where information was gotten from primary sources through interviews. The respondents were drawn from four key divisions which are very essential in strategy implementation; Strategy, Research & Innovation Division, Geothermal Resource Development Division, Corporate Services Division, and Drilling & Infrastructure Division. The data collected, after being analysed, was evaluated for consistency, usefulness, adequacy and credibility through content analysis. The findings thus showed that strategic leadership plays a very crucial role in effective strategy implementation at GDC. Strategic leadership role stirs commitment among people in the organization and ensures that they embrace change and implement strategies specifically meant for the achievement of the strategic vision.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Pearce and Robinson (2007) view strategic management as “the set of decisions and actions that result in the formulation, implementation, and control of plans designed to achieve an organization’s vision, mission, and strategic objectives”. Although strategy formulation comes before implementation, strategy implementation is a very important part of the process of strategic management (Wheelen & Hunger, 2008). Daft (2009) states that even the most creative strategies have no value if they cannot be translated into action.

For a long period of time now, strategic leadership has been recognized as a major driver of effective and efficient strategy implementation. Thompson, Strickland, and Gamble (2007) are emphatic that the role of leadership is important since its agenda for action and conclusion on how to push for change will influence the implementation process and move it forward. In the words of Chapman (2004) leadership can be defined as a general thread which ensures that strategy transformation occurs, putting together the people’s minds and hearts. To turn formulated strategies into actions and results, strategy implementation comes in as an integral part of the process of strategic management. This ensures that the strategic objectives, mission and vision of the organization are achieved as successfully as planned (Thompson and Strickland, 2003). Developing and having strategy is not enough. Strategy implementation is more vital than formulation. Even the most effectively developed strategy that seeks to address pertinent issues that an organization faces is worthless if it is not implemented.

A theory enhances a study; it depicts the existing relationship with the study variables and might either support or contradict the hypothesis of the study. The theories

discussed in this study include; Contingency Theory, Upper-Echelon Theory and Implementation Theory.

Geothermal Development Company has its headquarters at the Ministry of Energy Complex, Kawi House, South C, off Mombasa road, with its field offices both in Naivasha and Nakuru. Since its establishment in 2008, GDC has a total of about 900 staff consisting of a top management team, led by the Chief Executive Officer and 7 General Managers responsible for Divisions such as Strategy, Research & Innovation, Corporate Services, Human Resource & Administration, Company Secretary, Geothermal Resource Development, Drilling & Infrastructure, and Finance. GDC has amassed a staff with both the educational background and practical experience to realize its vision. The top management hires staff with relevant experience in core areas of expertise for example strategy implementation, planning and corporate governance. To ensure that the staff is effective, the top management aligns its strategies in a manner that integrates the employees' roles and responsibilities. This bonds the employees and the top management to share and work towards similar goals. GDC engages in successful interface with other Kenya entities like Ministry of Energy (MoE), Ministry of Finance (MoF), KenGen, KPLC, Ministry of the Environment, Ministry of Roads and others upon which GDC's success partially depends on how their leaders work together as a team especially in strategy implementation (GDC, 2014).

Geothermal Development Company (GDC) seems to be struggling to discharge its mandate fully and remain competitive. Irrespective of its very elaborate and seemingly good strategic plans, its role in the geothermal sector is yet to be felt in the country. The company's apparent failure to attain some of its core strategic objectives seems to be a pointer to strategic leadership problems in its strategy implementation efforts. Several

leadership actions which can contribute positively to effective implementation of strategy can play a vital role in strategy implementation at GDC (GDC, 2014).

1.1.1 Strategic Leadership

According to Pearce and Robinson (2007) strategic leadership is about coping with change; and more changes always demand more leadership. Hitt, Ireland, and Hoskisson (2007) define strategic leadership as the ability to envision, anticipate and maintain flexibility by the leader, in ensuring empowerment to others so as to create the necessary strategic changes; it involves managing through others. Capon (2008) defines strategic leadership as the ability to positively influence a people or group of people towards goals achievement. He further states that good leadership has strategic vision and is persuasive at implementing strategy to achieve tangible results. Lynch (2009) is of the view that strategic leadership typically involves communicating with and listening to those inside the organization with the aim of spreading knowledge, creating and innovating new areas and solutions to problems.

Indeed strategic leadership has been defined as one of the key pillars of effective implementation of strategy. Thompson et al. (2007) emphasizes that there is no doubt that effective organizational leadership and the existence of a strong organizational culture are two central elements in allowing fruitful implementation of a firm's strategies and objectives. 'Weak leadership can wreck the soundest strategy; forceful execution of even a poor plan can often bring victory' (Thompson et al., 2007)

1.1.2 Strategy Implementation

Once the strategic path has been projected, the top management's priorities swing to converting the chosen strategic plan into actions and desirable results (Thompson et al., 2008). A very critical stage of the process of strategic management is ensuring that the

strategies are put into effect and getting the organization to move in the strategy accomplishment direction. Strategy implementation is defined as a process by which policies and strategies are actionable through provision of budgets, development of procedures and programs. The process is referred to, most of the times, as operational planning and mostly involves day-to-day decisions-making in resource allocation (Wheelen & Hunger, 2008). Thompson et al. (2008) concur with this view that strategy implementation is an operations-oriented; make-things-happen activity aimed at performing core business activities in a strategy supportive manner. Daft (2009), states that strategy gives a company a competitive edge only if it is skillfully executed through the decisions and actions of front line managers and employees.

1.1.3 The Energy Sector in Kenya

From the 1950's to date, geothermal resources have been under continuous development in Kenya with a current capacity installed standing at 573MWe. This is against about 10,000Mwe potential the country has. The high temperature geothermal prospects are all located within the Kenya Great Rift Valley where there is an existence of Quaternary volcanoes. The largest geothermal producing site is the Olkaria field with an installed capacity of 573MWe. This is from plants owned by KenGen and Orpower4. 22.4Mwt is used at the Oserian firm to fumigate soils and to heat greenhouses. To fast track geothermal development in Kenya, 280MWe was commissioned in September 2014, and there is a PPP agreement between KenGen and the private sector to produce 560MWe. GDC has also undertaken geothermal drilling at the Menengai field with 105MWe expected to be commissioned soon. They have also engaged in detailed exploration in fields like Longonot, Baringo, Silali, Suswa, Paka, Korosi, with exploration drilling expected to begin in Baringo – Silali prospect by 2018 (Omenda & Simiyu, 2015).

Geothermal energy is defined by the GDC website as a renewable and uncontaminated power source, with economic and environmental advantages over all other fossil fuel sources. Geothermal energy is produced commercially from hot water in reservoirs and steam from rocks which are permeable and are below the surface of the earth. Geothermal energy, once seen as “alternative energy” has become the mainstream source due to government support, changes in climate and energy consumption increment (GDC, 2014).

When looking for a very cost-effective source of energy, then geothermal power comes into mind. In Africa, it was Kenya which first built geothermal energy sources. This was done by KenGen, a 70% state owned corporation, when it built three plants in Olkaria, Olkaria I, Olkaria II and Olkaria IV with 185MW, 150MW and 140MW respectively, and a third plant, Olkaria III with 110MW (Mwangi, 2005).

In Kenya’s development plans, such as the National Climate Change Action Plan, the vision 2030, the ‘5000+MW in 40 months initiative’ geothermal energy features prominently. This is because geothermal provides cost-effective and reliable power which is also environment friendly.

1.1.4 Geothermal Development Company

Geothermal Development Company (GDC) is a 100% state-owned company, formed by the Government of Kenya to facilitate the development of geothermal resources in the country. Geothermal energy is an indigenous source of electricity that is reliable and environmentally-friendly. The formation of GDC was founded on the policy by the government on energy (Sessional paper No.4, 2004) and the energy Act No.12 of 2006. The search for geothermal prospects in Kenya started back in 1957. So, far the efforts have yielded 209MWe only against a huge prospect estimated at 7000MW to

10,000MW. Tapping geothermal resources has been too low; this led to the creation GDC to enhance this process (GDC, 2014).

Kenya's Gross Domestic Product is expected to grow by at least 10% from year 2012 if it has to lay a strong foundation towards the realization of Vision 2030. Kenya government's projects to generate 15,000 MW, 5000MW will be obtained from Geothermal. Currently, the total installed capacity is 1533 MW. Previously, Kenya relied heavily on hydroelectricity with recurrent power outages that forced the government to summon emergency power producers that adopt diesel to generate electricity. The government recognizes the untapped geothermal potential in the country as the most appropriate traditional source of electricity. Geothermal Development Company aims to drill 1400 wells in order to provide steam for the generation of 5,000MWe of geothermal power by 2030. For GDC to attain its strategic objectives as outlined in its 2013-2018 Strategic Plan and better its performance in delivering its mandate, effective strategy implementation is paramount, hence the need to establish the strategic leadership role in the implementation of strategy at the company (GDC, 2014).

1.2 Research Problem

Implementing strategy poses the tougher more time-consuming management challenge and practitioners are emphatic in saying that it is a whole lot easier to develop a sound strategic plan than it is to 'make it happen' (Thompson & Strickland, 1989). Enormous time, energy, and resources go to strategy development, but many organizations have little to show for the effort, largely due to poor implementation. Wheelen and Hunger (2008) argue that poor implementation of strategy has been blamed for a number of strategic failures with lack of top management commitment being one of the most mentioned problems. Strategic leadership has been extensively defined as one of the

key drivers of implementation of effective strategy that has a vital role in leading and key-noting the tone, pace, and style of strategy implementation. Effective strategic leadership actions enable organizations to successfully use strategic management processes which culminate in realization of above average returns and strategic competitiveness (Hitt et al. 2007)

GDC formed by the government, as a state-owned company, has a role in contributing towards the realization of vision 2030. With 7 drilling rigs and almost all geothermal fields transferred to it by the government, GDC has the mandate to fast-track production geothermal energy. Its leadership is therefore critical to effective strategy implementation that will lead to reduction of dependence on imported fuel to sustain economic growth in Kenya.

A sizeable number of studies have been done in relation to the role of strategic leadership in strategy implementation as follows: Curtin (2009) investigated the role of strategic leaders in strategy implementation. The findings concluded that leaders played an instrumental role in encouraging their employees to perform better. Ndunge (2014) studied the influence strategic leadership on implementation change management practices at the Kenya wildlife service. The study concluded that leaders were key components in implementation of change management practices especially in guidance and provision of direction. Mwangela (2013) concluded that one of the major factors affecting strategy implementation at Kenya National Audit Office was poor strategic leadership. However, no known recent study exists on the role of strategic leadership in effective strategy implementation at GDC. Given its vital role in the geothermal sector, there is need for an exhaustive study on the strategic leadership role in implementation of effective strategy at the company. The research question that will be looked into in this study is: What role does strategic leadership play in the implementation of strategy at GDC?

1.3 Objective of the Study

The objective of this study is to examine the role played by strategic leadership in the implementation of strategy at GDC.

1.4 Value of the Study

The study will be of great value to GDC as it will document the strategic leadership role in the implementation of strategy at the company, and this will help the company to identify gaps in its strategic leadership that need to be improved for effective strategy implementation. It will also assist the management in policy formulation.

Similarly, the Government of Kenya will benefit from the gathered information to enhance strategic leadership in its corporations for effective implementation of various strategies in such organizations.

The study will also contribute to the existing body of knowledge in the field of strategic management, particularly the subject of strategic leadership in strategy implementation. Thus it will provide reference for other researchers conducting similar studies.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature on the subject of study summarizing information about strategy implementation from other researchers. The areas covered include the concepts of strategic leadership, strategy implementation and the strategic leadership role in strategy implementation.

2.2 Theoretical Foundations of the Study

A theory is a set of statements or principles that explains tenets and facts about a phenomenon especially one that has been repeatedly tested or widely accepted to make predictions about a natural phenomenon. Theories anchor a study, it depicts the existing relationship with the study variables and might either support or contradict the hypothesis of the study. The theories discussed in this study include; Contingency Theory, Upper-Echelon Theory and Implementation Theory.

2.2.1 Contingency Theory

This theory was postulated by House (1996) who indicated that the contingency approach to management is based on the premise that there is no specific way of managing, planning, organizing, leading, and controlling an organization. The management approach used by an organization must be tailored to the specific circumstance faced by an organization. According to Lutans (2011) for a strategic leader to be successful, it is a subset of several contingencies in variables like task, subordinate and group. The effectiveness of a strategic leader highly depends on how he manages the demands imposed by a specific situation.

This theory states that managers make managerial decisions based on the situation at hand rather than a "one size fits all" method. A strategic leader takes suitable actions

based on the aspects that are most important to the current situation. This is also supported by Morgan (2007) who argues that strategic leaders should be flexible and accommodative of the changing needs of their people. According to Vroom and Jago (1995) strategic leaders should utilize their leadership skills approach in ensuring successful strategy implementation. A strategic leader should provide a clear plan on a strategy will be implemented in terms of their roles, assignment and reporting relationships between the employees and the strategic leaders. The designed action plan should conform to the various needs of the customers.

Morgan (2007) argues that the leadership approaches adopted by strategic leaders should match the specific needs of the customers and the situation at hand. Leadership fails due to the kind of approaches used to deal with the situations unlike using the same approach to handle different scenarios. This is because the needs of the customers are distinct and keep on changing (Lutans, 2011). Contingency theory holds that the best leadership style is dynamic and flexible. A leader should adopt a participative leadership approach in strategy implementation; leaders should involve their employees in key decisions by explaining to them the importance of strategy adoption and how it will impact on them and the organization (Lutans, 2011).

2.2.2 Upper-Echelon Theory

Upper echelons theory is based on the premise of the organizational outcome both strategies and effectiveness which reflect the values and cognitive bases of powerful actors who in this case are the organization's top management team (Carpenter, Sanders and Geletkanycz, 2004). In particular, the theory indicates that the perception of the top managers has a high influence on the organizational strategic choices which affects organizational performance (Bell, 2007). The focus of the top management is primarily values and intellectual base. This is because humans have a limited capacity to process

information at any particular time, personal tendencies and dispositions end up deciding which elements to attend to in the environment. Hogan & Kaiser (2005) argues that personal traits of senior executives highly determine the characteristics of the surroundings that they can borrow from to let know the decisions that they make concerning choices, strategic or not, that might affect the organizational strategic goals.

In support of this theory, Carpenter et al. (2004) identified moderating factors like power, team process, incentives, discretion and integration. Firm performance and mediators, which are strategic choices in the previous form of the theory, are also re-conceptualized as organizational outcomes by Carpenter et al. Researchers have argued, to test this theory, whether senior executives influence the firm in two different ways as follows: the first way is to assess top management executive bio-data and relate this information to organizational performance metrics. Judge & Bono (2000) contend secondly, they measure the fundamental psychosomatic traits of top management teams and decide whether the performance of the firm and their traits are related or not. However, extant research work rather than use the psychographic approach has used the demographic approach. In accordance to the revised and the original versions of this theory, Carpenter et al. (2004) suggest that personal traits of senior executives directly influence the outcome of the organization.

The proponents of this theory tested whether top management has any relation to organizational performance. Hollenbeck, DeRue & Mannor (2006) indicate that the demographics of top management team influenced firm performance and innovation respectively. The findings recommended that practitioners to consider understanding the factors that strengthen the values, perceptions and cognitions of top management team. The executive team demographic variables like experience, age, educational background and tenure were considered influential to the outcome of the organization

(Carpenter et al., 2004). The moderating variables for this study were: environment, size and organizational age. In the new model of the theory, the team pinpointed that the other trait that affect top management strategic decision was as follows: demographic diversity of senior management.

2.2.3 Implementation Theory

According to Jackson (1991) implementation theory can be defined as a constituent of mechanism design which gives an outline for circumstances where resources are allocated among users and agents but the information required to make these allocation decisions is disseminated and privately held, and the users that possess this private information behave strategically to ensure maximum utility of it. In cases where information is required to make decisions, it is worthy to exchange information and ideas to reach a better decision. After a thorough assessment of information is complete, decisions are made (Mas-Colell, Whinston & Green, 2005).

Implementation theory focuses on a systematic technique for designing exchange of information process followed by a rule of allocation that lead to optimal allocation of decisions with regard to prior and specified performance metric. Mas-Colell et al., (2005) explain the need to exchange information to deliberate on more accurate decisions. In this study, strategic leaders should involve their subjects (employees) in key decisions to avoid cases of resistance and inform them about the importance of strategy and the entire organization, how strategy will affect them and the top management expectations upon strategy implementation. This theory focuses on the systematic methodologies for designing information exchange process and allocations with respect to performance metrics. This theory insists on the importance of designing strategies that match with the needs of the organization to achieve increased customer satisfaction and success in strategy implementation. Hurwicz & Reiter (2006) posits

that the quality of decisions made by the strategic leaders highly depends on the level of competence and their experience in dealing with different situations and circumstances to arrive at an accurate and reliable decision.

The central proposition is that the manner in which decisions are made to allocate resources in the firm shapes the realization of the strategy. Strategic leaders should make appropriate decisions on how resources and facilities will be allocated to create an environment for strategy implementation. Sjoström (1993) indicates that communication is a central component for exchanging information between the top management and the employees. Strategic leaders set strategic directions on how the organization will participate in strategy implementation. Top management should motivate the employees to work towards the set goals by demonstrating to them the importance of strategy implementation with regard to improving efficiency and value on delivery of services. Palfrey & Srivastava (1992) contend that implementation can be looked at from the perspective of cooperation between the top management and the employees; cooperation is a key ingredient in achieving strategy implementation success. Jackson (2001) explains that there has to be effective cooperation in execution of tasks, delegation of responsibilities and meeting deadlines.

2.3 Strategic Leadership

Strategic leadership is a multifaceted balancing act between a number of factors. It involves dealing with pressures and variations in the environment outside the organization and at the same time managing the human resources within the organization (Lynch, 2009). Rowe et al. (2001) defines strategic leadership as the ability to drive others to voluntarily make decisions enhancing the organizational viability while still maintaining the financial stability of the firm in the short-term. He

points out that to be effective; a good leader must be able to visualize their ideas into images that excite people in their work.

Zaleznick (1977) in Rowe et al. (2001) states that leaders make decisions that are systematic and pragmatic in marshaling resources, designing organizations, motivating workers, solving problems, and controlling activities. According to Hitt et al. (2007) the main obligation of effective and efficient strategic leadership rests at the top, specifically with the chief executive officer (CEO). But other generally renowned strategic leaders are the board of directors (BOD), the divisional general managers, and the top management team. These leaders have extensive decision-making tasks that cannot be delegated.

Strickland et al. however points out that a good strategy implementation requires a team effort and that all managers have strategy execution charge in their areas of management, and all employees must participate in the execution process. Exerting take-charge leadership and results oriented attitude deeps a manager into different leadership functions in the process of strategy execution: capabilities builder, resource acquirer, resource allocator, policy-maker, motivator and policy enforcer to mention a few. If a company has a good strategy and the strategy execution effort is delivering the hoped-for results, the chances are excellent that the company has good strategic leadership (Strickland et al., 2008).

2.4 Strategy Implementation

Pearce & Robinson (2008) state that the process of strategic management, can only shift into a phase of translation of thoughts into organizational actions once strategies have been discussed and objectives set. Here, the priority of the top management is to convert these strategies into effective action plans (Chapman, 2004). Wheelen and Hunger define implementation as the sum total of the choices and activities needed to

execute a strategic plan. Further, implementation is defined as the process by which strategies, policies and objectives are actionable through the development of procedures, programs and budgets (Wheelen & Hunger, 2008). Chapman (2004) views implementation of strategy as the process where a specific strategy is actionable. It comprises the design and management of all systems to realize the best amalgamation of structures, people, resources and processes in achieving the objectives of the organization.

The above definitions seem to agree with Strickland's view. He views the process as "an operations-driven activity revolving around the management of people and business processes, and entails figuring out all the specific behaviours, actions and techniques needed for a free-flow strategy supportive operation, with a follow through to confirm the results (Strickland et al., 2008). Chapman (2004) observes that many corporations find it difficult to translate these theories into actionable plans which can ensure successful implementation and sustainability of these strategies. He says that most organizations know their businesses, and the strategies required for success but many continuously fail to motivate employees to enthusiastically work together towards these aims. It has become common knowledge that all issues raised in strategic management are related to implementation of the strategy rather than strategy formulation. No scheme for implementing strategy can foresee all the events and problems that will arise in the course of the strategy implementation process.

2.5 Strategic Leadership Styles Influencing Strategy Implementation

A leader is someone who is able to influence others because of the powers associated with the positions they hold. Good leadership skills ensure that a leader influences others and modify their behavior through referent and legitimate power. Different types

of leadership styles affect strategy implementation differently. Leadership styles can be situational, behavioral, transformational, and transactional among others.

2.5.1 Leadership Roles

A study by Aosa (2008) on factors affecting strategic planning and implementation within large Kenyan firms found that local firms displayed little to no impact when it came to leadership involvement on strategy implementation as compared to foreign firms. Although implementation of strategic plan was commonly perceived to be associated with improved organizational performance, leadership was considered to be an essential component in the realization of strategy implementation. Further, Aosa (2008) posits that participation in the strategic plans implementation highly depends on the kind of management approach used by the organization, participative decision making is seen as an important ingredient in enhancing strategy implementation.

Mulube (2009) in his study found that most organizations in Kenya put more emphasis on democratic leadership thus allowing involvement and participation of all the members, reducing chances of resistance since all the interests of the members are adequately represented. Implementation of strategic plan aims at achieving improved organizational performance which requires effective leadership that will inspire, motivate and reward employees. The role of top management does not necessarily involve strategic planning but also implementation and uniting the employees in a common vision, shaping focus and direction and working towards achieving strategic goals. Curtin (2009) argues that the top management plays an instrumental role in strategy implementation; the management set performance targets and encourage the employees to work towards the set goals and objectives.

Mintzberg (2006) argues that a leader should show commitment in strategy implementation, they should provide support in allocation of adequate resources to

employees to contribute to strategy implementation. The top management should set an example by working hard and proper supervision to ensure that the employees do not lose focus and direction in strategy implementation.

2.5.2 Communication Process

Strategic leaders should adopt a bottom-up approach management style since it involves everybody's input in the process of implementation. It is expected of the team members to be proactive in all steps of this process of management. The choice of an actionable course is made by the team as a whole. Bottom-to-top style allows the executive to communicate values and goals through proper planning. The employees are encouraged to highly develop a positive attitude in strategy implementation. This approach empowers the team member to think more creatively. In a top-down approach all the directions and orders come from the top and the management's expectations are clearly communicated to all the employees. The strategic leaders do not pay keen interest on the employees' participation in decision making (Hussey, 2008). Aosa (2008) explains that communication channels should be open and flexible; the top management should be open-minded and accommodative to lower level employees. This makes them develop a positive attitude and a sense of belongingness to the organizations since their needs are adequately represented; this brings about harmony and motivation between strategic leaders and the employees.

Strategic leaders should consider the interest of all the stakeholders before arriving at a decision to implement strategy. Strategic leaders should uphold and maintain good corporate governance practices that allow open-up communication channels for enhanced efficiency in decision making and mutual agreements (Burnes, 2007). A study by a global management consultancy firm, the Hay Group, indicate that to win organizational confidence and trust, leadership must consider two areas of critical and

effective communication (Lamb, 2009), that is, employees have to comprehend the general organizational business strategy, and its contribution in achieving such objectives.

2.5.3 Organizational Resources

Organizational resources play an important role in strategy implementation. Hsieh & Yik (2005) explain that strategic leaders must allocate adequate resources and facilities to the employees to create an enabling environment for strategy implementation. Taylor (2007) argues that organizations that succeed in strategy implementation provide their employees with adequate resources and facilities. Implementation of change is a difficult process that requires a lot of employees' attention; this is because most employees have a tendency to resist change due to fear of unknown (Thompson & Strickland, 2003).

Employees that are provided with resources and facilities are highly motivated to participate in the implementation of change; this is because they are more efficient and effective in their roles since they enjoy working. This is consistent with Robbins and Coulter (2010) who indicated that resources and facilities are key ingredient towards change implementation. Schein (2005) argues that strategic leaders ensure that employees' tasks are allocated according to their skills and competence to effectively contribute towards change implementation. This enhances employees' positive contribution since the employees are highly motivated to participate in the change process.

2.6 Empirical Literature and Research Gaps

Taylor (2007) did a study on the role of strategic leaders in strategy implementation. He used an explorative research design for a period of ten years. The findings revealed that

good leaders will always ensure that major changes take place such that they can obtain the highest level of improvement in activities related to the organization. To succeed, such leaders communicate to both external and internal members through the use of an open style of management, whose main objective is the development of new corporate cultures which employees can fit in to.

Awino (2007) examined selected variables on corporate performance: A survey of supply chain management in large private manufacturing firms in Kenya. The study used a descriptive survey research design to investigate the relationship between variables. The study used both primary and secondary source of data. It found out that it is only good leadership which can ensure effective implementation of strategies. Awino (2007) further argues that the top management, led by the CEO, must commit everything for strategy implementation to be a success, and that includes involving all members of staff.

Lufthans (2012) did a survey of the influence of transformational leadership on strategy implementation at Kellogg a multinational food manufacturing company. The study used a descriptive survey and interviewed a hundred top management executives. The findings showed that it was imperative for organizational leaders to provide resources, share the vision, show commitment, and ensure employee involvement in strategy implementation as well as welcoming new ideas.

Aosa (2008) studied the nature of strategic management; the findings revealed that the kind of leadership exhibited by the top management influenced how strategic plans' implementation would vary from one organization to the other, with some organizations having low participation while others exhibited high participation. Ndunge (2014) studied the role of strategic leadership and change management practices at the Kenya Wildlife Service. The study used a descriptive research design and primary data was

collected using a semi-structured questionnaire. The study found that strategic leadership influenced implementation of change management practices at the Kenya Wildlife Service.

Muhoro (2011) investigated the effect of leadership in strategic change implementation in Telkom Kenya. The study used a descriptive survey to explain the existing relationship between strategic leadership and implementation of strategic change management. The study used primary data which was collected using a questionnaire. The results showed that leadership was an essential tool in effective change management; leaders provided support, direction, facilities and resources that enhanced successful implementation of strategy.

From the above review, the findings depict that strategic leadership play an important role in contributing towards implementation of strategies. The kind of leadership style, communication approach and organizational resources highly influence strategy implementation in the organization. Even though extensive research has been done on the influence of strategic leadership on strategy implementation, limited concentration has been laid on parastatal bodies in the country. This study attempts therefore, to bridge this gap by determining the role of strategic leadership in effective strategy implementation by Geothermal Development Company Limited.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology that will be used in carrying out this study. It describes the target population, the research design, sample design, data collection, analysis and presentation.

3.2 Research Design

The study was done through a case study. A case study according to Kothari (2004) is a method of study in depth rather than breadth, an intensive investigation of the particular unit under considerations with emphasis on the full analysis of a limited number of events or conditions and their interrelations. Being an in-depth study, the design allowed for an exhaustive investigation of the strategic leadership role in the implementation of strategy at the Geothermal Development Company.

3.3 Data Collection

Data for this study was gathered from primary sources. Primary data was obtained through the use of interview guide. In order to obtain a broader view of the subject under study, four heads of Divisions were interviewed. They were drawn from departments charged with the responsibility of spearheading strategy implementation at the company namely; Strategy, Research & Innovation Division, Geothermal Resource Development Division, Corporate Services Division, and Drilling & Infrastructure Division.

3.4 Data Analysis

The data collected was analysed through the use of content analysis since most responses were qualitative in nature. This involved analysing and evaluating data for usefulness, consistency, credibility and adequacy (Kothari, 2004).

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter covers the findings of the study, data analysis, interpretation and discussion of the results. The data collected was through interview guide and was summarized and analyzed through the use of content analysis. These findings are in line with the objective of the study which was to examine the role of strategic leadership in strategy implementation at the Geothermal Development Company. The first section looks at the general information of the respondents and the rest of the findings will look at the role played by strategic leadership in strategy implementation.

4.2 Response Rate

Response Category	Frequency	Percentage
Response	3	75%
Non-response	1	25%
Total	4	100%

Table 1: Response Rate

To obtain a clear view of the subject matter, four heads of Divisions were to be interviewed. They were drawn from Divisions charged with the responsibility of spearheading strategy implementation at the company namely; Strategy, Research & Innovation Division, Geothermal Resource Development Division, Corporate Services Division, and Drilling & Infrastructure Division. However, it so happened that only three heads of divisions were interviewed as the other was out on official duty during the time of interview. The three interviewed represented 75% response rate which can be used to make a good recommendation.

4.3 General Information

The study sought to determine the department/division of the respondents, how long they had worked with GDC, and for how long they had been directly involved with the strategy implementation process.

4.3.1 Department/Division

The researcher sought to know the Department/ Division of the respondents as this would help in knowing the seniority of the people interviewed.

Department / Division	Position	Frequency	Percentage
Strategy, Research & Innovation	General Manager	1	33.33%
Geothermal Resource Development	General Manager	1	33.33%
Corporate Services	General Manager	1	33.33%
	Total	3	100%

Table 2: Divisional Distribution

From the above analysis, the three respondents came from divisions responsible for strategy implementation and they were very senior members of staff. The percentage distribution of 33.33% was shared equally among the respondents.

4.3.2 Length of Service with GDC

The researcher sought to know how long the respondents had worked with the organization and the details are hereby indicated below.

Category	Frequency	Percentage
7 years	3	100%
Total	3	100%

Table 3: Length of Service in GDC

The three respondents had worked with GDC for 7 years and they were part of the founding members of the organization. It was thus clear from the analysis that the information they gave had a lot of in-depth concerning strategy implementation in the organization.

4.3.3 Years of Direct Involvement with Strategy Implementation

The study sought to establish the number of years the respondents had been involved with strategy implementation.

Category	Frequency	Percentage
More than 10 years	3	100%
Total	3	100%

Table 4: Years of Direct Involvement with Strategy Implementation

It was established that all the respondents had more than 10 years' experience in dealing with strategy implementation matters.

4.4 The Role of Strategic Leadership in Strategy Implementation at GDC

The objective of this study was to investigate the strategic leadership role in strategy implementation at the Geothermal Development Company (GDC). This section looks at an in-depth analysis of these roles as given out by the respondents.

4.4.1 Determination and Clarification of the Strategic Direction

As per the respondents, GDC employees understand the strategy under implementation and what their contributions need to be in order to ensure the overall delivery. They went further to explain that the company's strategic plan outlines the organization's strategic objectives, themes, the implementation matrix and strategies; helping

employees in understanding what is being pursued. The top management spearheads the building of a common understanding of the organization's strategic purpose and direction through strategic management meetings whose decisions are later cascaded down through all levels of management. Through dialogue and participation, GDC employees have been motivated to understand the importance of change and the importance of their commitment in the delivery of the desired outcomes. This is supported by Hitt et al. (2007), who say that "the envisioned future motivates and encourages employees to stretch beyond the expectations of accomplishments and serves as a guide to many aspects of a firm's strategy implementation process including motivation, leadership, employee empowerment, and organizational design".

In response to the question of how the leadership ensures that members of the organization embrace and support strategy implementation, the respondents said that strategic planning has been made a participatory process in the company and that this has ensured ownership and understanding of the strategy by all employees. The respondents said that the supervisors have been mandated to ensure that every employee under their supervision understands the strategy and their personal roles in the delivery of the expected results. Every employee has a written job description which details their responsibilities, duties as well as the reporting channels and organizational structure. There is also a clear understanding by employees of how their very own activities fit into the organization. The study also found out that effective communication of the strategic plan through sensitizations, departmental meetings and training of all members of the various departments on the importance of the strategy being pursued, are some of the other ways in which the company has ensured that the employees embrace and support strategy implementation.

4.4.2 Building an Organization

According to the managers interviewed, the organizational structure is supportive of strategy implementation. In August this year, the organizational structure was changed to facilitate the implementation of the 2013-2018 strategic plan, which was a revision of the previous strategic plan of the company. The changes resulted in a more lean structure that saw the general managers reduced from ten to seven. The interviewees also explained that the structure has allowed for the decentralization of power to the lower level management to facilitate efficiency and effectiveness in decision making.

Managers have been empowered more to make personal decisions over matters within their jurisdiction; such as authorization of financial resources, resource allocation, procurement of tools and equipment, recruitment of some casual staff, procurement of assets, appraisal of staff to identify gaps and recognize and reward performance and other matters affecting their dockets and the organization as a whole. According to Pearce et al. (2005), leaders build and retain on a high level, their organizations to align them with the environment that is ever-changing. He says leaders build an organization in many ways including; clarifying responsibilities among managers and organizational units, ensuring a common understanding about organizational priorities, pushing authority lower in the organization and empowering new managers.

4.4.3 Shaping an Effective organizational Culture and Climate

In response to the question of whether the corporate culture is supportive of strategy implementation, the respondents said that the company's core values had helped build a positive culture which was very supportive of implementation of the strategy. Strickland et al. (2008) argues that it is better to create a working climate that mobilises employees' energy and behaviour to support the strategy execution efforts. The

interviewees emphasised that the company has always upheld professionalism and those in high ranking positions have the necessary competency and are very professional in carrying out their duties and responsibilities. Teamwork was also identified in the organization's commitment to discharge its duties. According to the respondents, employees put together their diverse skills, talents and abilities, and they ensure that they pull together towards one direction with the aim of attaining the strategic objectives of the company. GDC is also recognized as a learning organization since it is open to personal development of employees and also continuous improvement of processes. The top management is known for encouraging and promoting personal creativity, initiative and full participation and involvement among employees. Individual initiatives are handsomely rewarded through financial rewards, recognition, promotions and commendations. Recognition and rewarding of excellent performance motivates staff and helps in building a full commitment to the core values of the company and to the long-term ambition of the organization as a whole.

4.4.4 Effective Management of the Firm's Resource Portfolio

According to the respondents, 94% of the employees in top key positions do have the necessary technical skills, experience and knowledge to deliver. Strickland et al. (2008) says that adept implementation of strategy heavily depends on adequate competitive capabilities, competent personnel and internal organization which is effective. Pearce et al. (2005) agrees with this and adds that the development of talented operational leaders plus recruiting competently is one of the functions of strategic leadership which drives strategy implementation. The respondents further explained that the company, through its Human Resource Division, has a training programme which equips employees with required internal skills for the delivery of their duties and responsibilities. According to the interviewees, the system of performance contracting has ensured that employees

work efficiently leading to good results and better overall service delivery. When gaps are identified, they tend to be filled faster, even if it calls for looking for external consultants to help with the situation. The company engages in mid and end year performance appraisals of all its employees in an effort to build capacity as well as identify their strengths and weaknesses as far as the implementation of strategy is concerned.

Regarding the sufficiency of financial resources for the company, the respondents said that previously, financial resources had been inadequate since only 30% of their budget was provided by the government. Since GDC is wholly owned by the government and had not started making its own revenue, it depended solely on the support from the exchequer to operate. With inadequate funding, it forced the company to abandon some projects like drilling and infrastructure activities in Suswa. However, at the start the 2016-2017 financial year, the company earned its first revenue from steam sales and that boosted its financial stability.

4.4.5 Enforcement of Ethical Compliance

In regards to the question as to whether there is ethical compliance among its employees, the respondents affirmed that the company embraces professionalism and integrity as some of its core values and it is expected of all employees to act morally and ethically. The company has made a commitment to be accountable to all its stakeholders and the public in general. The top leadership unequivocally support the company's ethical code and will always deal ruthlessly with any misconduct. Strickland et al. (2007) supports this by emphasizing that leaders have to be the final arbiters on tough decisions of dealing with ethical misconduct and castigating laxity on the part of those responsible for enforcing ethical compliance. As per the interviewees, there is an

elaborate system set to address non-compliance to ethical codes which entail different disciplinary actions including dismissal.

4.4.6 Communication and Institutionalization of Strategy

According to the respondents, the leadership of GDC ensures free flow of information about strategy through open communication system between the management and staff. Different modes of communication which were identified during the study included; departmental meetings, daily news bulletins sent to each and every employee every morning, internal memos, direct phone calls on inquiries and clarifications, emails, monthly departmental reports, monthly corporate reports from the Corporate Performance Management Department, postings on the company's website and the company's intranet, and feedback from staff.

Top-down and bottom-up communication is encouraged and free-flow of information in the organization has enhanced support and commitment by the staff in general to achieve the set organizational objectives. The same is echoed by Bhasin (2010), that it is the sole responsibility of the strategic leaders to ensure that the corporate strategy is presented to the employees in a way that appeals to them, attracts and retains their support.

4.4.7 Development of Short-term Objectives and Operating Plans

The respondents felt that the GDC leadership is committed to the mission, vision, core values, goals and strategies contained in the strategic plan and leads in ensuring that the strategies are aligned to the objectives. Departmental heads are responsible for setting the short-term objectives and for developing operational plans including mid-year and end year evaluation measures through the Balanced Scorecard. These managers are also responsible for departmental budgets and procurement plans used to implement these

objectives. All managers understand the organizational strategy and what is expected from their departments in the implementation. Through the Balanced Scorecard, these functions are cascaded down to the chief officers, the senior officers, and heads of functions and to the staff. After every evaluation, these cascaded plans are reviewed by the managers as per the evaluation reports to ensure that they are aligned to the strategy requirements. Bhasin (2010) emphasizes that if every manager understands strategy, he can certainly review the program recommendations of staff advisers and line subordinates to see that they are consistent with the requirements of the strategy.

4.4.8 Establishing Balanced Organizational Controls

Responding to the question regarding the organizational controls that the company uses to monitor and evaluate its strategy implementation, the study revealed that GDC employs both financial and non-financial controls to monitor its performance. The non-financial controls include customer perspective, internal processes perspective, and learning and growth perspective. These different perspectives are used in making decisions regarding what needs to change to ensure proper implementation of the company's activities geared towards the achievement of the set goals. Financial perspective of the Balanced Scorecard is usually concerned with the profitability of the organization, risk and growth, and thus focuses on the cash flow, Return on Assets, and return on equity.

The internal processes perspective was found in the study to be the major one in strategy implementation since it deals with how the company manages its internal processes. Here, the focus in the company's strategic control is on the assessment of its performance relative to its internal activities. Learning and growth perspective is concerned with continuous improvement of the employees to ensure that they can handle their duties without any complaints. This builds the capacity of the company's

human resources in terms of improving their skills. Hitt et al. (2007) emphasises that an adequate balance of all the four strategic perspectives rather than an over emphasis on either, definitely ensures that an organization effectively monitors its own performance.

CHAPTER FIVE: SUMMARY, CONCLUSION & RECOMMENDATIONS

5.1 Introduction

This chapter puts together in a summary the findings as well as the conclusions gathered from the analysis of data. These findings together with the objectives of the study have been summarized alongside each other. Conclusions have been drawn from the study and the recommendations given.

5.2 Summary of Findings

The respondents interviewed were drawn from three key divisions; the Strategy Research & Innovation division, Geothermal Resource Development division and the Corporate Services division. These are key divisions to strategy implementation. The three respondents had worked with GDC for 7 years and all had more than 10 years' experience in the geothermal field, under strategy implementation. Having gone through one strategic plan in the company, and helping in developing the second one, the three respondents had a lot of information on the subject being studied and their views were basically based on their experience, reflecting a very stable position as far as strategy implementation is concerned.

Through this study, it was found out that GDC's leadership has created a common understanding of the company's strategic purpose, and that all employees have a clear view of the direction the company is taking. Employees have been made to understand the organization's strategy, how it is being pursued and what their inputs are towards the overall delivery. Being engaged in dialogue and participation, GDC members of staff are motivated and made to understand the importance of change practices and what their commitment to the company does in delivering the desired outcomes. The recently reviewed organizational structure is highly supportive of the implementation of

the company's strategies and these changes have brought about delegation of duties and decentralization of power and empowering of managers. Additionally, the company's mission, vision and core values help in building a culture supportive of strategy implementation. The company upholds a culture of integrity, teamwork, learning and professionalism and those in top ranking positions have got the competency required and can discharge their duties professionally. GDC leadership promotes and encourages creativity, innovativeness, and complete participation among employees and through its human resources, the organization ensures continuous capacity building.

Insufficient funds are a major problem the company has faced in the recent past. According to the respondents, cash flow from the exchequer has not been enough to help them execute all their projects, though they all agreed that development partners have also chipped in where necessary to keep them afloat, though these are loans which accrue interests which the organization will have to pay back. Some projects in the North Rift – Suswa, have been abandoned due to lack of funds to spearhead them. GDC leadership is wholly committed to the organization's goals, vision, mission and strategies and an open top-down and bottom-up communication has enhanced understanding and support from all quarters in an effort to achieve the company's goals. All departmental heads understand the strategy and what is required of them in its implementation. The study found out that the company employs both financial and non-financial perspectives of the Balanced Scorecard to assess its overall performance.

5.3 Conclusion

Findings from the study revealed that strategic leadership has a very important role to play in the implementation of the company's strategy. It was evident that these strategic leaders are the people responsible for strategy implementation and that their roles and importance motivates employees to be committed to and to try and embrace change and

help in implementing strategies meant to get the desired outcomes. The study also revealed that the responsibility of strategy implementation lies with all the GDC employees from the CEO to the lowest level employees since in one way or the other, there is something they do which contributes to effective strategy implementation. Effective and efficient strategy implementation requires ownership and commitment to the process by all and pooling resources towards the same direction with the sole aim of understanding the strategic vision.

Results of the study showed that leadership at the company are in the driving seat of the strategy implementation process. Leadership is the force driving the implementation process through different interrelated roles which the study identified to include; shaping organizational culture, enforcement of ethical compliance, clarifying strategic intent, communicating strategy, building an organization, management of company's resource portfolio, developing short-term plans and objectives as well as ensuring balanced organizational controls. Thus it can be concluded that strategic leadership is a key driver in effective strategy implementation, and in its absence, even the best strategy cannot see the light of day.

5.4 Recommendations With Policy Implications

As evidenced in this research, the geothermal sector in Kenya faces a major challenge in funding. The Geothermal Development Company has been allocated a small percentage of the national budget, even when it was not in a position to generate its own revenue, resulting in under-funding. This study therefore recommends that the exchequer should pay more attention to the geothermal sector, since it provides a cheaper alternative to diesel energy, by providing enough funding. This will reduce the price of electricity once there is enough geothermal power in the national grid and with that; even the unlit villages will get electricity and be able to pay for it.

The study recommends the continual use of the Balanced Scorecard as a tool for measuring performance since it ensures an appropriate balance of both financial controls and strategic controls. Hitt et al, says that the Balanced Scorecard, or the BSC as it is often known, mixes together four very important perspectives in measuring performance; the financial perspective, the customer perspective, the internal processes perspective, and the learning and growth perspective. While the financial perspective is concerned with profitability, growth and risk from the stakeholders point of view, the customer perspective deals with the value both external and internal customers perceive to be created by the services offered by the organization. Internal processes perspective deals with various internal activities creating satisfaction to the company as a whole. It deals more with strategy implementation and what it takes to implement those strategies. Learning and growth perspective on the other hand, deals with organizational learning as a whole, change agents and trainings (Hitt et al., 2007).

5.5 Limitation of the Study

The major limitation of the study was that the researcher could not manage to interview one of the four identified respondents since he was not available during the interviewing process. His valuable input would have enlightened more the subject of study. However, the researcher can state without fear of contradiction that the other three respondents interviewed were well versed on the subject matter and enough information was got from the interviews.

5.6 Recommendation For Further Research

The study was looking at the role of strategic leadership in strategy implementation at GDC. It can be recommended that future research should definitely focus on the effectiveness of strategy implementation in an effort to establish whether these formulated strategies are fully implemented as expected. When a study like that is

done, it will provide very useful insight into how organizations can approach the process of strategy implementation for efficiency and effectiveness in achieving their own strategic goals.

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APPENDICES

Appendix I: Letter of Introduction

15th September 2016,

George O.O. Omoro,

P.O. Box 78477-00507

NAIROBI

Dear Respondent,

RE: RESEARCH SURVEY INTERVIEW GUIDE

I am a graduate student at the University of Nairobi pursuing Master of Business Administration (MBA) degree. As part of the requirements for the award of this degree, I am expected to carry out a research and present a report to the University. My research interest is on the *role of strategic leadership in strategy implementation*.

I kindly request for your support to enable me achieve this endeavour. An Interview guide shall be used and the information you provide shall be analysed to determine the effects of selected factors on strategy implementation at Geothermal Development Company.

Kindly note that any information provided will be handled with confidentiality and will be used for academic purposes only.

Thanks in advance,

Yours sincerely,

George O.O. Omoro

Appendix II: Interview Guide

Topic: Role of Strategic Leadership in Strategy Implementation at the GDC

PART A: RESPONDENT'S GENERAL INFORMATION

1. Department/ Division.....
2. How long have you worked with GDC?
3. For how long have you been directly involved with the strategy implementation process?

PART B: THE ROLE OF STRATEGIC LEADERSHIP IN STRATEGY IMPLEMENTATION

1. Does the leadership at GDC play any role in strategy implementation? Explain.
2. Do the employees understand the strategy being pursued and what they need to do to contribute to overall delivery?
3. How does the leadership ensure that members of the organization embrace and support strategy implementation?
4. Has there been any change in the organizational structure to facilitate effective strategy implementation?
5. Does the current organizational structure support strategy implementation?
6. Has authority been pushed down from the top to ensure that managers are empowered? If yes how?
7. Is the corporate culture supportive of strategy implementation?

8. How does the organization encourage /promote individual initiatives, creativity, and involvement among employees?
9. Do staff holding key positions have experience, technical skills, and intellectual capital to deliver in their duties and responsibilities?
10. How does the organization build its capacity for effective strategy implementation?
11. Are the organization's financial resources sufficient to meet its objectives?
12. Does the organization enforce ethical compliance among its members?
13. How does the organization ensure open and effective communication between the staff and the management regarding strategy and its implementation?
14. What organizational controls does the organization use to monitor and evaluate its strategy implementation?

Thank you!

Appendix III: List of Firms in the Energy Sector

GDC- Geothermal Development Company

KenGen – Kenya Electricity Generating Company

KPLC – Kenya Power & Lighting Company

KETRACO – Kenya Electricity Transmission Company

REA – Rural Electrification Authority

KNEB – Kenya Nuclear Electricity Board

KPC – Kenya Pipeline Company

NOCK – National Oil Corporation of Kenya

OrPower 4

Akiira Geothermal Limited