

**IMPACT OF IMPLEMENTATION OF FEEDER BASED BUSINESS UNIT AS  
AN OPERATIONS STRATEGY ON PERFORMANCE IN KENYA POWER AND  
LIGHTING COMPANY, KISUMU COUNTY, KENYA**

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## **DECLARATION**

This research project work is original work and has not been presented for any award in any university.

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

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## **DEDICATION**

This research project is dedicated to my parents for their continuous support, encouragement and prayers.

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## **ABBREVIATIONS AND ACRONYMS**

**FBBU:** Feeder Based Business Unit

**KPLC:** Kenya Power and Lighting Company

## ABSTRACT

Operations strategy is implemented in order to improve the performance of the operations. The objective of this study was to determine the impact of implementation of Feeder Based Business Unit as an Operations strategy on performance in Kenya Power and Lighting Company, Kisumu County. This was a case study and data was gathered through conducting face to face interviews and documents to verify the information gathered from interviews. Data from primary sources was collected through use of an interview guide and secondary data was collected using a secondary data collection form. The target number for the interviews was six but five interviewees were interviewed which represents 83% response rate. The data analysis method used for the primary data was content analysis and the secondary data was analyzed through use of the paired t-test method to determine statistical significance. The study found that after implementation of the Feeder Based Business Unit as an Operations strategy the number of breakdowns and the response time to customer complaints reduced, however, the data on number of customer complaints was not broken down to county level and therefore it was not analyzed, the major challenge to implementation of the strategy was inadequate human resources, vehicles, tools and equipment, the study also found out that challenges had been addressed through formal appointment of Feeder Based Business In-Charges, provision of resources though still not adequate, regular meetings to brief employees. The study concludes that there is a positive impact between the implementation of the Feeder Based Business Unit as an Operations strategy and performance in Kenya Power and Lighting Company, Kisumu County since the number of breakdowns reduced and the improvement was statistically significant from the observed data, the computed value of  $t = 7.044937$  while the tabulated value  $t_{0.05,11} = 1.796$ . The response time to breakdowns also reduced though the improvement was not statistically significant from the observed data, the computed value of  $t = 1.009432$  while the tabulated value  $t_{0.05,11} = 1.796$ . The study recommends continuous monitoring of customer complaints in order to improve customer experience, provision of adequate resources to support the implemented strategy, effective communication to all employees when a new strategy is implemented and employee involvement. The study suggests that further research be conducted on the impact of implementation of the Feeder Based Business Unit as an Operations strategy in other counties of Kenya Power and Lighting Company so as to get representative information from many interviewees since this research focused on Kisumu County only.



# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the Study

Organizations focus on ways in which they will have long term prosperity and survival (Emiroglu, 2015). Organizational success relies on formulating strategies at the functional, business and corporate level and not only formulating the strategies but also aligning them between the three levels. The operations strategies should be aligned with the strategies of other departments like Research and Development, Marketing and Human Resources as failure to align them leads to wastage of resources (Salimian *et al.*, 2012). Even if an organization develops impressive plans, they should be operationally executed in order to be relevant. Majority of organizations activities consist of the daily actions within the operations function and the daily activities of operations, when taken into consideration comprise the organizations long term direction (Emiroglu, 2015). The focus of strategic management moves to implementation once a strategy and set of policies have been formulated (Thompson, Strickland and Gamble, 2007).

The Theory of Constraints (Goldratt, 1984) and Performance Frontiers (Schmenner & Swink, 1998) forms the basis of this study. The Constraints theory lays emphasis on the weak rings in the chain which are setbacks in the organization and tries to find out how they relate to each other in order to enhance systems performance. The theory examines processes not independently of each other, but as rings of the same chain. Companies should give more attention on understanding their structure with regard to the processes to make it in a global competition (Simsit *et al.*, 2014). According to the theory of

Performance Frontiers an organization has two performance frontiers; asset utilization which describes reachable performance levels if assets are appropriately administered and operations frontier which represents attainable performance levels under existing operations policies. The theory argues that processes can be altered to arrive at an operations frontier or through enhancement by moving operations frontier towards the asset frontier and thereby improving performance (Lesseure, 2010).

Kisumu County is one of the counties of Western Region. It had 224,626 customers as at 26<sup>th</sup> September 2018. It is necessary for Kisumu County to provide quality and reliable supply in order to delight the customers. The number of breakdowns in Kisumu County were many and the response time to the breakdowns was poor. The Feeder Based Business Unit as an operations strategy was implemented in order to enhance quality and service delivery due to the complaints from customers on the quality and reliability of supply.

### **1.1.1 Implementation of Feeder Based Business Unit as an Operations Strategy**

According to Kenya Power and Lighting Company, a Feeder Based Business Unit is an operations strategy to enhance quality and service delivery. A Feeder Based Business Unit is a small business unit / area consisting of a set of feeders delivering power to consumers in a specific area within a County. Operations strategy is a departmental strategy of a division in a company and results in a steady sequence in operations decisions to enable achievement of the intended objectives of operations. Cost efficiency, quality, delivery and flexibility are the four general objectives of operations strategy

(Gupta & Zender, 1994). Operations strategy is the whole sequence of resolutions which form ingrained abilities of any kind of operation and their input into the final strategy, through the conciliation of market needs with operations resources (Slack & Lewis, 2011). According to Magutu *et al.*, (2010) operations strategy could be considered as a section of a planning process which harmonizes operational objectives with those of the larger organization. According to Schonberger & Knod (1991) operations strategies concern operating resources (equipment, operating personnel and support staff, tools, information and space); products, processes, methods and systems and output quality, cost, lead time and flexibility.

The main objective of operations strategy is to enhance organizational competitive advantage through improving quality, flexibility or delivery (Faull, 2004). According to Tan & Matthews (2009) operations strategy process is concerned with how an organization goes about developing its strategy of operations, the overall direction of the organization may be determined by the board or rely on the daily running of the organization to contribute to strategic activities or market requirements the consumers views are taken into consideration in approaches which aim to enhance the performance of operations. The operations strategy content consists of creating new ways which take into account the needs of the market and also highlighting any areas of transformation.

According to Faull (2004) the eight mandatory principles for effective implementation of operations strategy are; never stop asking questions, have dual organization capability, create a conducive environment where faults are identified and ways of improvement are

sought in order to effectively implement the operations strategy, come up with an action plan, surface the force and use it for effective implementation, take the lead and be aggressive and consistent.

Mwawasi *et al.*, (2013) observes that there is a relationship between resource allocation, core competencies, competitive priorities and information technology and the implementation of operations strategy is a positive one and therefore, aligning availability of resources with operational strategies guarantees a high level of achieving positive results in implementation, information technology also enhances the processes on implementation. Gupta & Zender (1994) pointed out that organizations should learn new capabilities and adopt best practices since they have positive relationship with operations performance as a way of building a performance advantage.

### **1.1.2 Organizational Performance**

According to Bernardin (2007) performance can be defined as the record of end results created on specific work activities or functions in a defined period of time. Performance is the capability of an organization to utilize its scarce resources in its environment (Chepkwony, 2016). Armstrong (2006) defines performance as an adjustable and continual process necessitating managers and their reports to collaborate within an established structure which stipulates ways in which team work can enable them to achieve the intended outcomes.

Organizational performance can be examined on its two components which are financial and non-financial, firms that need to enhance their performance should be directed towards improving practices that reflect development and innovation, external

environment, performance, measurement process and corporate governance strategies (Gavrea, ilies & Stegorean, 2011). Andrej (2017) identified seven performance measures of organizational performance; operational performance, competitive advantage, financial performance, growth performance, innovation performance, value creation, competitive advantage, integral and general performance measurements. According to Venkatraman & Ramanujan (1986) when examining financial performance, some indicators that are analyzed are earnings per share, sales growth, profitability and while examining operational performance indicators analyzed are; product quality, marketing effectiveness, market share. These indicators are operationalized either by secondary or primary data sources. Kaplan & Norton (1992) discovered that managers cannot solely rely on operational or financial measures and formulated the balanced scorecard that provides an all-inclusive perspective for the organization. It contains the innovation and learning perspective, customer perspective, financial perspective and internal perspective.

Kenya Power and Lighting Company like all other organizations has developed corporate objectives aimed at steering the company towards achieving the desired results. The corporate objectives are improving electricity supply quality that exceeds customer expectations, reduce cost of doing business and increase sales revenue, a modern, efficient and responsive electricity system infrastructure that encompasses electricity demand growth, improved energy generation mix that is efficient, reliable and competitively priced, increased customer connectivity to a customer base of over nine million, , a robust distribution system, good corporate governance and management for enhanced efficiency and service through capacity development and resource alignment, diversified business revenue leveraging on the existing assets and innovation, give

reasonable return to shareholders for their investment (KPLC Five Year Corporate Strategic Plan). In order to ensure that the intended results are achieved, the objectives are cascaded to all management employees through signing of performance targets at the start of every financial year. This study will adopt the following performance measures to determine the impact of implementation of Feeder Based Business Unit as an operations strategy in Kenya Power and Lighting Company, Kisumu County; reduction in customer complains, response time to breakdowns, reduction in the number of breakdowns.

### **1.1.3 Kenya Power and Lighting Company, Kisumu County**

Kisumu County is one of the counties of Western Region and as at 26<sup>th</sup> September 2018 it had 224,626 customers. The other counties in Western Region are Vihiga, Kakamega, Busia, Bungoma and Siaya and they are headed by a County Business Manager. Kisumu County has the following functions; Operations and Maintenance, Customer Service Design and Construction and Marketing.

The Operations and Maintenance and Customer Service functions are aligned along five Feeder Based Business Units; Kisumu Central, Kisumu South, Kisumu North, Katito and Muhoroni. The Feeder Based Business Unit as an operations strategy was implemented in Kisumu County in July 2017 and the key objective was to have focused operations to ensure efficient service delivery, optimization of resources and improved accountability. Operational staff in the two functions are assigned specific feeders as their primary assignment for their day to day operations. Each Feeder Based Business Unit has an in charge with two direct reports, one In-Charge of operations & Maintenance and another In-Charge of Customer Service (KPLC Feeder Based Business Unit Operations Reports).

Given that most businesses, industries and electrical appliances in peoples' households rely on electricity, it is important for Kisumu County to provide reliable supply to customers. The Feeder Based Business Unit as an operations strategy was implemented in order to enhance quality and service delivery due to various complaints from customers on the quality of supply occasioned by constant power black outs and delays in restoring supply. The county is currently in the process of restoring customer confidence through providing quality supply by ensuring that proper maintenance is carried out on the power lines to ensure there is a reduction in the number of black outs, ensuring that resources are allocated per optimized Feeder Based Business Unit to avoid interrupting operations, the County also aims to reduce the number of customer complaints through resolving customer complaints without delays (KPLC Five Year Corporate Strategic Plan). Whether the implementation of the Feeder Based Business Unit as an Operations strategy has brought about the much needed improvement or not in Kisumu County, by a decrease in breakdowns, customer complaints and improvement in restoration time of supply is not known since the impact has not been measured.

## **1.2 Research Problem**

Firms usually draft good strategies but when it comes to implementing the strategies successfully they encounter challenges. This is called the strategy implementation problem (Verhagen, 2017). Mwawasi *et al.*, (2013) noted that strategies set by executors are not adequate to safeguard maximum service delivery to those who are expected to benefit. Kipngetich (2016) observed that in regard to the influence of operations strategy

practices on performance of ailing firms, the extent of success largely depended on the prowess of management, financial, technical and organizational process flows that considerably shapes a firms' strategy. It is apparent that it is necessary to measure the impact of strategy implementation to determine whether strategy implementation has succeeded and to what extent or if it has failed.

Kenya Power adopted the Feeder Based Business Unit as an Operations strategy in 2017 in order to enhance service delivery to customers. The company has provided resources; human resources, vehicles and tools to every Feeder Based Business Unit to ensure success of the strategy. The performance targets of the employees were aligned to their specific Feeder Based Business Units. In spite of all the efforts by Kenya Power to ensure success of the strategy, no one knows whether there has been a reduction in the number of power black outs, response time to breakdowns and whether the number of customer complaints have gone down as a result of implementation of the Feeder Based Business Unit Operations strategy. Examining the impact of implementation of the strategy is of paramount importance.

Different scholars have researched on strategy implementation (Alharthy *et al.*, 2017; Eloisa *et al.*, 2015; Mwawasi *et al.*, 2013). Alharthy *et al.*, (2017) pointed out that there has been an attainment of 60% success in strategy implementation and that very few have attained over 80% success and none has attained 100%; Eloisa *et al.*, (2015) established that organizations will improve their competitive advantage in operations if they design an operations strategy on the basis of a greater number of infrastructural of structural



practices. Mwawasi *et al*, (2013) stated that in order to achieve positive results in the execution of operational strategies, the available resources should be aligned with operational strategies.

Locally studies have been done on Kenya Power (Otieno, 2013; Oginda, 2013; Okeri, 2006). Otieno (2013) studied implementation of diversification strategy at KPLC and concluded that diversification is key to the success of KPLC as it was a key pillar for growth of the company, it had enhanced revenue and cleared market threats to the organization. Oginda (2013) established that some of the key challenges to success in implementing procurement strategy in KPLC were long and tedious procurement lead time, inadequate staff training and resources, unreliable and distant suppliers, uncontrollable factors in the environment. Okeri (2006) recommended that KPLC should build its competencies on specific areas where rivals cannot survive in order to gain competitive advantage.

Several scholars have researched on implementation of strategy. Studies conducted in Kenya Power and Lighting Company differ conceptually from the current study. Other studies have a different contextual and conceptual focus hence the knowledge gap. What is the impact of implementation of Feeder Based Business Unit as an Operations strategy on performance in Kenya Power and Lighting Company, Kisumu County?

### **1.3 Research Objectives**

The objective of the study was to determine the impact of the Feeder Based Business Unit as an Operations strategy on performance at Kenya Power and Lighting Company, Kisumu County.

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

This research will provide reference material for researchers undertaking studies on implementation of the feeder based business unit as an operations strategy and point out areas that require further research.

The recommendations and findings of the study will inform policy development in Kenya Power and any organization that needs to implement the Feeder Based Business Unit Operations strategy.

The findings will be forwarded to Kenya Power leadership to take corrective action in areas that need improvement, the study will also be of importance to the stakeholders as they will understand the impact of the Feeder Based Business Unit operations strategy in KPLC.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

In this chapter a literature evaluation on the theoretical anchorage of this study with focus on the Constraints theory and the theory of Performance Frontiers and how they connect to the study will be examined, implementation of operational strategy, the challenges of implementing operational strategy, measures to deal with the challenges that will be identified and a summary of literature and knowledge gaps will be presented.

### **2.2 Theoretical Anchorage**

A theory is a logical group of suppositions advanced to give an explanation of the relationship between two or more observable facts (Stoner, Freeman & Gilbert, 2007). This study is anchored on the Constraints theory developed by (Goldratt, 1984) and the Performance Frontiers theory proposed by (Schmenner & Swink, 1998). Literature on studies conducted by various scholars on the two theories will be reviewed and an examination on how the two theories relate to each other to anchor my study will be elaborated.

#### **2.2.1 Constraints Theory**

The theory was put forth by Goldratt (1984). According to the Constraints theory the main aim of every organization is profit maximization, so as to attain this objective, the theory lays emphasis on the importance of identifying the limiting factor that hinders an organization from attaining its objectives and improving on it till it stops being a constraint. The theory puts forth the following five focusing steps for singling out and doing away with the constraints; identifying the system constraints, decide how to make

use of the system constraints, the rest of the system to be subordinated to the decisions made, elevation of the constraint, go back to the first step (Gupta & Boyd, 2008).

The continuous improvement ideology is the main focus of dealing with constraints, all managers are supposed to respond to three questions; how to cause change, what to change and what to change to, every manager needs to know these. The reason why managers should ask this three questions is so as to find out what the real problem is and source for an appropriate solution (Simsit *et. al.*, 2014). Every organization should have a way of measuring performance in order to track and monitor their performance and know whether there is an improvement or not. Without a monitoring system it would be difficult to know whether the organization is doing well or not and then take corrective action as appropriate.

The theory of Constraints applies to this study because it focuses on identifying the weakest link and ways in which a solution can be reached so that the constraint is eliminated (Goldratt, 1984). The FBBU as an Operations strategy was implemented when various weaknesses were identified in operations including high number of breakdowns, numerous customer complaints and delay in restoration of power supply. By implementing the strategy the company aims to eliminate the limiting factors that prevent the company from achieving its objectives.

### **2.2.2 Performance Frontiers Theory**

The Performance Frontiers theory was developed by Swink and Schmenner (1998). According to the theory, a performance frontier is the highest achievement which can be obtained by a manufacturing concern having been given operating options. There are two frontiers, asset frontier modified by the types of investment that would mostly show up on the fixed assets part of the balance sheet and the operating frontier modified by changes in selections which can be made, with the assets the management of the plant is dealt. Success is defined as enhanced plant performance in one or more dimensions without affecting any other dimension. Betterment means adjusting the operating policies of manufacturing through configuring the operating frontier (Schmenner & Swink, 1998).

The Performance Frontiers theory is relevant for this study as it focuses on maximum achievement that can be realized, and that achievement is described by enhanced performance of the plant. The FBBU as an Operations strategy was implemented to improve the quality of supply and service delivery to customers. The existing resources are used efficiently in order to maximize on performance. It is anticipated that there will be an improvement entailing reduction in the number of breakdowns, low customer complaints and faster restoration of supply.

### **2.3 Impact of Operations Strategy on Organizational Performance**

Organizations that use various operations strategies perform better than those not using them and for them to gain competitive advantage they have to employ effective and appropriate strategies (Ahmed *et al.*, 1996). Results attained by the operations function

contribute towards improving the organizational performance and their overall competitive advantage and therefore the organization can come up with any of the following operations priorities compared to its rivals; lower costs, higher quality, greater flexibility, more reliable deliveries, better services and stronger environmental protection. As a result of the competitive advantage an organization can achieve superior performance (Eloisa *et al.*, 2015).

Njeru (2012) established that operational strategies have made it possible for Equity bank to continue generating profits, as changes in the environment happen, strategies are also changed to adopt to the environment. It is strategies or requests made by the operations department that compels other functions to change their strategies. Ogolla (2013) pointed out that using operations strategy has positively impacted on the performance of the motor vehicle assemblers by enhancing profits, quality of customer services and efficiency of the companies, market share and the employee satisfaction. Okeri (2006) established that operations strategy is ingrained to a little extent at KPLC which means that operations strategy is only complied with and acknowledged as important for the survival of the organization in a competitive environment to a little extent.

Kipngetich (2016), observes that organizational performance in ailing firms is affected by the operations strategies employed. The ailing organizations took initiatives to meet customer needs, and product innovation in the organizations had superior attributes, positive results in organizational performance came as a result of how the organizations obtained and made use of their resources and the organizations developed the lowest priced products which shows that the relationship between organizational performance and operations strategy practices was positive though not statistically significant.

## **2.4 Challenges of Implementing Operations Strategy**

Companies are aware that formulating good strategies and aligning them to the structure, systems, human resource policies, leadership behavior, management processes and values is a prerequisite for achieving competitive advantage but between the ideal of strategic alignment and the reality of implementation challenges are encountered. Senior managers believe when a strategy has been excellently formulated and effectively communicated it is as good as implemented, they view change in a narrow, nonsystemic and planned way that fails to tackle the fundamental causes (Beer & Eisenstat, 2014).

Implementation of strategy depends on effective leadership in the organization. Cater & Pucko (2010) observed that the biggest obstacles to strategy execution is poor leadership but unfortunately managers mostly rely on planning and organizing activities when implementing strategies. The challenge that leadership has is motivating people within the organization and stakeholders outside the organization to accept change and cooperate in implementing strategies aimed at positioning the organization to achieve positive results (Pearce & Robinson, 2007).

Aaltonen & Ikavalko (2002) pointed out that communication of strategies was inadequate and much needs to be done. The amount of strategic information in organizations is large and the communication is done in writing and orally, but that does not mean that it had been understood. Beer & Eisenstat (2014) pointed out six silent killers of strategy implementation which are: inadequate down the line leadership skills and development, top down management style, poor coordination across functions, business boarders,

conflicting priorities, poor vertical communication and ineffective senior management team.

Lihalo (2013) identified external and external hindrances to execution of strategy. The external barriers were politico legal, economic, social environmental factors where unexpected changes might come up such as education policies, change in legislation by the government and the internal hindrances were behavioural problems which may be exhibited at group or individual level in the organization, lack of proper training, poor communication and systemic barriers which results when the organization indirectly does not support a strategy.

## **2.5 Measures to deal with the Challenges**

Organizational change efforts are considered successful when the desired results are achieved. There are 6 areas which can be evaluated to determine success of any large scale implementation effort; well defined result areas and goals, well defined objectives, well defined measurement processes, well established reviews, well defined responsibilities and evidence of continuous improvement (Hacker & Washington, 2004). Brinkschroder (2014) interviewed business people and did an analysis of the challenges and solutions of strategy implementation from the real world. The most important solutions from business practice were ensuring information exchange and meeting points between personnel of the different subsidiaries, making communication interesting, short and flexible to clearly convey overall objectives, increase atmosphere and motivation, more familiar conversation with every level in the organization, give support to raise understanding and enthusiasm, building teams and holding meetings to organize and



allocate, incentives for employees to motivate them for strategic change and leadership and giving responsibility to raise commitment and identification.

According to Aaltonen & Ikavalko (2002) middle managers' role in communicating strategies is important as they were responsible for the continuation of the flow of strategic information and also ensuring that the strategy is understood. Communication alone was not important but interpretation of the strategy, acceptance and adoption among those implementing is crucial. Goals and objective set for organizational groups and units is an important aspect of implementing strategy. The identification of work related objectives that personnel members have created for themselves is important because these objectives influence the decisions which are made in every day work. According to Elbanna *et al.*, (2016) strategic planning has a positive and significant impact on managerial involvement because one of the outcomes of this involvement is the enhancement of managers' commitment to and alignment with public policy and organizational priorities in addition to helping managers to acquire the knowledge necessary for strategy implementation which in turn increases the possibility of its success.

The organizational structure that is in place should match with the strategy that management is implementing for the implementation to be successful. An organization whose strategy has been implemented with an organization structure that fits its characteristics will be more effective than an organization whose structure does not fit its characteristics (Jauch & Glueck, 1988). Organizations should have the right internal systems in order to be able to operate and execute strategies. Well-conceived state of the

art operating systems not only enable better strategy execution but also strengthen organizational capabilities (Johnson, Scholes, Whittington & Jain, 2010).

Lihalo (2013) suggested that the barriers to implementation can be overcome during the formulation stage and stated that management should take actions to overcome barriers such as having a visionary top management that has knowledge of the processes, clarify the role of the organization structure and position in implementation of strategies, train employees and instruct them during the implementation phase, develop a good information system where employees will be updated on implementation tasks, ensure the entire management is involved and maintain focus during implementation processes, have higher involvement of lower level employees in strategic planning inputs and feedback and involve employees in the formulation of goals.

Aligning available resources with the operational strategies guarantees a high chance of successful implementation of operations strategy. Implementation effectiveness is enhanced by information technology because information technological systems tools are key when disseminating information which assists in implementation of strategy in Non-Governmental organizations (Mwawasi *et al.*, 2013).

## **2.6 Summary of Literature and Knowledge Gaps**

This chapter has presented a review of literature on impact of operations strategy on organizational performance, challenges of implementing operations strategies and measures to deal with the challenges. According to Eloisa *et al.*, 2015; Ogolla, 2013; Njeru, 2012) operations strategies impact positively on performance, however, other

scholars have also pointed out that there are challenges in implementation. Mwawasi *et al.*, (2013) ascertained that strategy implementation is not as easy as organizations would like to conclude. Beer & Eisenstat, (2014) pointed out that formulation and communication of strategy is not enough as managers tend to believe. This means that measures should be taken to address the challenges which have been identified if the implemented strategies are to have a positive impact on organizational performance.

### **Research Gap Summary**

Scholars have researched on implementation of strategy, Kipngetich (2016) found out that the extent of success of operations strategy on performance largely depends on the prowess of management, financial, technical and organizational process flows that considerably shape a firms' strategy. It's necessary to measure the impact of strategy implementation to determine to what extent strategy implementation has succeeded or failed. Only 10 ailing firms were considered. Onyiego (2016) established that there was a notable link between e-service operations strategy and organizational performance he further noted that majority of tourism companies are using e-service operations strategies and they have enabled them to improve performance.

The study focused on the tourism industry and therefore the findings may not be applicable in other organizations. Njeru, (2012) found out that Operational strategies have made it possible for Equity bank to continue generating profits, strategies are changed to adopt to the environment. Requests made by the operations department compels other functions to change their strategies. The study may not be applicable to other banking organizations and smaller banks. Mwawasi *et al.*, (2013) found out that to

achieve positive results, the available resources should be aligned with operational strategies. The study did not consider all the factors affecting strategy implementation like leadership, organization structure. Otieno (2013) found out that diversification is critical to the success of KPLC since it was a key pillar for growth of the company, had increased revenue streams and dealt with market threats. This was a case study with a small sample size of ten people.

Okeri (2006) found out that Operations strategy is entrenched to a little extent at KPLC which means that operations strategy is only adhered to and recognized as crucial for the survival of the organization in a competitive environment only to a little extent. The data collection instrument was a questionnaire and the study was conducted in Nairobi only. The studies have attempted to bridge the knowledge gap on impact of implementation of operational strategies on organizational performance but there is still a gap. No researcher has conducted a study on impact of implementation of Feeder Based Business Unit as an operations strategy in KPLC, Kisumu County.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

In this chapter the methodology and procedures used to collect data are presented in details, the research design, the data collection methods and data analysis methods that was used are justified and well elaborated.

### **3.2 Research Design**

The methodological triangulation approach was adopted for this study. Qualitative and quantitative methods were used in order to increase confidence in the findings, avoid biasness through use of one method and also verifying the data collected to check for consistency. The two methods which were used were face to face interviews and documents to verify that information gathered from interviews was accurate. According to Cooper and Schindler (2008), triangulation is merging many qualitative methods or merging quantitative and qualitative methods to boost the quality of the research, particularly where a quantitative study comes after a qualitative study to validate the findings of the qualitative research.

Case study method was used for this study and it was preferred because it allowed for a thorough, detailed investigation that enabled the researcher to fully understand the impact of implementation of the Feeder Based Business Unit as an operations strategy in KPLC, Kisumu County. According to Kothari (1990), case study method is a qualitative analysis which is very popular and involves a complete and careful observation of a social unit, which can be a family, an institution, a person, an entire community or a cultural group.

### **3.3 Data Collection**

The study used primary and secondary data. Collection of primary data was done through structured interviews and the instrument used was an interview guide. An interview guide was considered to be suitable for collecting data because all the interviewees were asked standardized questions in the same order for purposes of consistency. During the process face to face interviews were conducted to enable probing in cases where clarification or more details were required.

Data was collected through interviews from the County Business Manager, Kisumu and the four Feeder Based Business In-Charges for Kisumu County; Feeder Based Business In-Charge Kisumu Central, Feeder Based Business In-Charge, Kisumu North, Feeder Based Business In-Charge, Kisumu South, Feeder Based Business In-Charge, Katito. Secondary data for two financial years, 2016 / 2017 and 2017 / 2018 was collected through a secondary data collection form. Monthly achievement on reduction in breakdowns and time taken to restore supply for the two financial years was gathered in order to check the trends or patterns.

### **3.4 Data Analysis**

Data was analyzed through content analysis. Face to face interviews were conducted using an interview guide and the responses from the five interviewees were analyzed. The responses which were similar were identified and then the data was interpreted in order to come up with relevant conclusions. According to Kothari (1990), content analysis entails

analysis of contents of verbal materials that can be printed or spoken or documentary materials like newspapers, books.

Secondary data on reduction in breakdowns and response time to breakdowns was collected on a monthly basis for a period of two financial years; 2016 / 2017 and 2017 / 2018. The paired T-test was used to check whether there was a significant reduction in the average number of breakdowns and response time to breakdowns. Srivastava *et al.*, (2011) paired t-test is used when there is a dependence between two samples. The hypothesis was tested at  $\alpha=5\%$  significance level and the null hypothesis  $H_0$  was to be rejected if the observed value of the test statistic  $t$  exceeded the tabulated value i.e.  $t > t_{\alpha, n-1}$ . In that case a conclusion would be made that there was an average reduction in number of breakdowns and response times, hence a positive impact on performance after implementation of Feeder based Business Unit as an operations strategy in Kisumu County. However, if the null hypothesis was not rejected, then it would be concluded that there was no significant change in the average number of breakdowns and response times.

The following formula was used:

The hypothesis to be tested is

$$H_0: \mu_1 = \mu_2$$

against

$$H_1: \mu_1 > \mu_2$$

The test statistic is given by:

$$t = \frac{\bar{D}}{S_D / \sqrt{n}} \sim t_{\alpha, n-1}$$

where  $D_i = X_i - Y_i$  and X and Y are the data collected before and after introduction of the feeder based system, and  $S_D^2 = \frac{1}{n-1} \sum_i^n (D_i - \bar{D})^2$ .

$H_0: \mu_1 = \mu_2$  – the means are equal, hence no change

$H_1: \mu_1 > \mu_2$  – mean after implementation of Feeder Based Business Unit as an Operations strategy is less than before implying an improvement

$S_d$  – standard deviation

t – test statistic

n – Number in the sample

$\bar{D}$  – mean of the difference between observations in the two samples

$D_i$  – differences in the two samples



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

### **4.1 Introduction**

This chapter presents analysis of primary data from interviews which were conducted using an interview guide, analysis of secondary data from documents availed by Kenya Power and Lighting Company, Kisumu County on performance, the findings and discussion. 6 interviewees were targeted to be interviewed; County Business Manager, Kisumu, FBBU In-charge, Kisumu Central, FBBU In-charge, Kisumu North, FBBU In-charge, Kisumu South, FBBU In-charge, Katito, FBBU In-charge, Muhoroni but only five were available which represents 83% response rate. The objective of the study was to determine the impact of the Feeder Based Business Unit as an Operations strategy on performance in Kenya Power and Lighting Company, Kisumu County. There are three sections in this chapter, Impact of operations strategy on performance, challenges of implementing operations strategy and measures to deal with the challenges.

### **4.2 Impact of Operations strategy on Performance**

The study sought to examine how the Feeder Based Business Unit as an Operations strategy was implemented in Kisumu County. All the five interviewees affirmed that the strategy was implemented in Kisumu County and the objective was to enhance the quality of supply and service delivery in line with the corporate objectives of KPLC. A comprehensive list of all feeders for Kisumu County was prepared and every feeder was allocated a supervisor then an assessment of the required employees per feeder was done.

The information that had been gathered was confirmed on site by visiting the various secondary substations in the County, inspection of medium voltage lines and alignment of the meters to the substations.

The communication of the strategy to employees was top-down. The In-charges of Feeder for Operations and Maintenance and Customer Service department and the County Business Managers were invited to a target setting meeting where the strategy was communicated to them, the reason why it was being implemented and the importance of supporting the strategy. They were advised to cascade the information to their staff and ensure they understood since they interacted with them on a daily basis. There was a shortage of staff and to bridge the gap staff were identified and redeployments were done and some smaller FBBUs were merged.

Five FBBUs were formed in Kisumu County; Kisumu Central, Kisumu North, Kisumu South, Katito and Muhoroni. The criteria that was used in forming the FBBUs was length of feeders, number of customers and the revenue base. The reporting structure was not changed, the Feeder in charges for Operations and Maintenance and Customer Service were reporting to the County in charges of their departments. Targets for the 2017 / 2018 financial year were aligned to specific FBBUs in order to ensure support in attainment of the corporate objectives. All the Feeder in charges were issued with new delegation of authority to match their new roles. The County in charges for Customer Service and Operations and Maintenance department were tasked to ensure proper data clean-up by collecting of coordinates for the meters and linking them to the sub stations so that when the cycle is run on a monthly basis all the meters would be found linked to the specific

transformers, all the missing links on the lines were also updated in the Design and Construction System.

In July 2018, FBBU In-Charges were formally appointed to head every FBBU with two direct reports, one in Operations & Maintenance and the other in Customer Service department. The reporting structure was changed and they started reporting to the County Business Manager, Kisumu. The County in charges for Operations and Maintenance and Customer Service department were redeployed as FBBU In-Charges. The balanced scorecard was implemented for measuring performance of FBBUs to ensure an all-inclusive perspective rather than focusing on operations alone and customers and leaving out the financial and innovation and learning perspectives.

In regard to whether employees were involved when the FBBU as an operations strategy was being implemented, the study established that employees were not involved. The County Business Managers and Feeder In-charges of Customer Service and Operations and Maintenance department were invited for a target setting meeting where they were briefed about the strategy and advised to cascade the information to employees reporting to them. The employees of Customer Service and Operations and Maintenance department were invited for a meeting where they were informed of the strategy and advised to support the implementation but their views on the strategy were not sought.

The FBBU In-Charge, Katito said:

“management did not go round to collect views from employees. They just informed employees a new structure will be implemented and the business of the company will be based on Feeder Based Business Units”.

In regard to whether employees understood the concept of FBBU, the study established that during implementation only the staff in FBBUs understood the concept and they knew their boundaries but majority of employees from other departments did not understand what a feeder was, they understood after sometime. Some interviewees felt that there were still employees in other departments who did not understand the FBBU concept and that even the FBBU staff did not understand that they were supposed to be all rounded. The FBBU In-Charge, Kisumu South said.

“everyone understands their area of operation but what they have not understood is that they are supposed to be all rounded for example an Operations & Maintenance staff resists doing Customer Service work for example meter reading duties and a Customer Service employee resists doing Operations and Maintenance work for example changing of fuses.”

On probing, the study established that it took long for employees from other departments to understand the FBBU concept because they were not invited for briefing meetings when the strategy was being implemented. Only Customer Service and Operations and Maintenance department employees were communicated to.

The study established that the communication method was top-down, the strategy was communicated to employees by their supervisors through staff meetings. The supervisors of Customer Service and Operations and Maintenance department were invited for a target setting workshop together with the County Business Managers where they were briefed on the strategy and tasked to ensure that the employees reporting to them understood the strategy because they interacted with them on a daily basis.

On further probing the study established that not all employees were brought on board when the strategy was being implemented. The employees of Customer Service and Operations and Maintenance department were communicated to through meetings but minutes of the staff meeting were not captured and the attendance was also not registered.

The study established that there was some resistance to change. It took time for the Operations and Maintenance and the Customer Service employees to work as a team, they still wanted to work independently, other reasons for resistance included: some employees thought that the company would terminate their services because they felt that if an Operations and Maintenance employee could read meters which was the role of Customer Service employees, then some staff would be terminated since their services would not be required, some supervisors who were in charge of departments in the County felt they were being demoted because they were redeployed from being County In-charges to being in charge of an FBBU which is a very small area.

Shortage of resources also caused resistance as some FBBUs felt the resources were not allocated fairly because they were understaffed and the scope of work was extensive, some in charges were appointed to head FBBUs but they didn't know anything about feeders therefore, the staff were resistant because they felt the supervisors did not have the capacity to supervise them since they knew more about operations than them, employees were confused about the reporting structure because their supervisors were reporting to the County Business Manager but at the same time there were Regional In-charges of Operations and Maintenance and Customer Service department they did not

understand the linkage between them and the Regional In-Charges, non performing staff feared exposure. The FBBU In-Charge, Kisumu South said:

“non performing staff were resisting the change because they knew that with the high level of accountability for performance required with implementation of FBBU as an operations strategy they would be exposed. Previously the system was centralized and they were not so exposed.”

The study established that most employees had owned the FBBU as an operations strategy to a great extent as they were involved during implementation. The employees were very committed to achieving their targets and improving the customers experience, they however noted that the employees limited themselves to their FBBUs and were not ready to go out of their way to work past their area of operation even when the customers needed to be served and they were working nearby. The FBBU In-Charge, Katito said:

“Sondu market is the boundary between Central Rift Region and Western Region and the KPLC office at Sondu is under Central Rift Region. Customers based in Sondu but falling under the Western region side do not know that there is a boundary, when they report their complaints to Sondu office they are directed to Katito office.”

The study sought to determine the impact of implementation of FBBU as an operations strategy on the number of breakdowns and established that breakdowns had reduced because customers were served at their point of need as a result of devolvement, and this means that feeder owners were focused on their FBBUs and they carried out inspections to check for anomalies in order to carry out preventive maintenance to prevent occurrence of breakdowns. The FBBU In-charges are tasked to look at their areas daily to check the number of breakdowns and attend to them in the shortest time possible and if

the breakdowns are not resolved the FBBU In-Charge took responsibility. The FBBU In-Charge, Kisumu North said:

“Accountability has been enhanced as a result of implementation of the FBBU as an operations strategy, line inspections and patrols are done daily and action taken on anomalies, nobody wants to have many breakdowns”.

To verify the information provided during the interviews, secondary data on performance availed by Kisumu County on the number of breakdowns for year 2016 / 2017 and 2017 /2018 was analyzed on a monthly basis and the findings are presented below:

**Table 1: Number of Breakdowns**

<b>MONTH</b>	<b>PERIOD BEFORE 2016 /2017</b>	<b>PERIOD AFTER 2017 /2018</b>	<b>DIFFERENCE (X-Y)</b>	<b>D<sub>i</sub>- <math>\bar{D}</math></b>	<b>Di- <math>\bar{D}^2</math></b>
JULY	1165	215	950	-10.167	103.361112
AUGUST	1478	299	1179	218.833	47888.0278
SEPTEMBER	1774	187	1587	626.833	392920.028
OCTOBER	1568	188	1380	419.833	176260.028
NOVEMBER	1383	193	1190	229.833	52823.3611
DECEMBER	1197	164	1033	72.8333	5304.69444
JANUARY	1588	252	1336	375.833	141250.694
FEBRUARY	1514	311	1203	242.833	58968.0278
MARCH	1253	300	953	-7.1667	51.3611116
APRIL	599	335	264	-696.17	484648.028
MAY	531	251	280	-680.17	462626.694
JUNE	345	178	167	-793.17	629113.361
<b>TOTAL</b>	<b>14395</b>	<b>2873</b>	<b>17268</b>		<b>2451957.67</b>
<b>AVERAGE</b>	<b>1199.583333</b>	<b>239.4166667</b>	<b>960.1666667</b>		
<b>√N</b>					<b>3.464</b>

Source: KPLC, 2018.

<b>AVERAGE</b>	<b>Standard deviation of the differences</b>	
	$2451957.67/11 = \sqrt{222,905.24273}$	
	$= 472.1284173$	<b>Computed t value</b>
	<b>S<sub>D</sub>/√n</b>	
1199.583333	$472.1284173/3.464 = 136.2917344$	7.04494
239.4166667	$960.1666667/136.2917344 = 7.04494$	
960.1666667		



The total number of breakdowns reduced from 14395 in year 2016 / 2017 to 2873 in year 2017 / 2018 hence an improvement. The paired t-test method was used to calculate statistical significance and from the observed data, the computed value of  $t = 7.044937$  while the tabulated value  $t_{0.05,11} = 1.796$ . Since  $t > t_{0.05,11}$  the null hypothesis was rejected and the conclusion made was that there was an average reduction in the number of breakdowns since the implementation of the Feeder Based Business Unit as an operations strategy hence the improvement was found to be statistically significant.

The study sought to determine the impact of implementation of FBBU as an operations strategy on the response time to breakdowns and established that the response time to breakdowns had reduced since the distance travelled to resolve breakdowns had shortened as a result of confinement of teams to their FBBUs. The teams were allocated daily tasks specific to their FBBUs and in case an emergency happened teams were directed immediately to resolve. They also said that every FBBU had its complaints in the Integrated Management System and they were allocated to the teams for resolution based on the age of the complaint. Initially, the County Operations and Maintenance in charge had to be involved and it took time for a team to be sent to restore supply. The FBBU In-Charge, Kisumu Central said:

“response time has greatly improved since the teams are domiciled in their FBBUs, incidences are supposed to be resolved within two days unless there is a major challenge like inaccessibility due to rains in flood prone areas.”

To verify the information provided during the interviews, secondary data on response time to breakdowns for the financial years 2016 / 2017 and 2017 / 2018 were analyzed and the findings are presented below:

**Table 2: Response Time to Breakdowns in Minutes**

<b>MONTH</b>	<b>PERIOD BEFORE 2016 /2017</b>	<b>PERIOD AFTER 2017 /2018</b>	<b>DIFFERENCE (X-Y)</b>	<b>D<sub>i</sub>- <math>\bar{D}</math></b>	<b>Di- <math>\bar{D}^2</math></b>
JULY	105.4	206.1	-100.7	-136.29	18575.4184
AUGUST	55.4	260.2	-204.8	-240.39	57788.1534
SEPTEMBER	92.2	172.6	-80.4	-115.99	13454.0667
OCTOBER	186.6	117.2	69.4	33.8083	1143.0034
NOVEMBER	370.5	177.6	192.9	157.308	24745.9117
DECEMBER	403.5	166	237.5	201.908	40766.9751
JANUARY	221.7	138	83.7	48.1083	2314.41174
FEBRUARY	291.2	261.9	29.3	-6.2917	39.5850695
MARCH	414.8	322.3	92.5	56.9083	3238.5584
APRIL	298.8	233	65.8	30.2083	912.543403
MAY	158.6	119	39.6	4.00833	16.0667361
JUNE	116.3	114	2.3	-33.292	1108.33507
<b>TOTAL</b>	<b>2715</b>	<b>2287.9</b>	<b>427.1</b>		<b>164103.029</b>
<b>AVERAGE</b>	<b>226.25</b>	<b>190.6583333</b>	<b>35.59166667</b>		
<b>√N</b>					<b>3.464</b>

Source: KPLC, 2018.

<b>AVERAGE</b>	<b>Standard deviation of the differences</b>	<b>computed t value</b>
226.25	$164103.029/11 = \sqrt{14918.457182} = 122.1411364$	1.00943
190.6583333	<b>S<sub>D</sub>/√n</b>	
35.59166667	$122.1411364/3.464 = 35.25910898$	
	$35.59166667/35.25910898 = 1.00943$	

The average response time to breakdowns reduced from 226.25 minutes in year 2016 / 2017 to 190.66 minutes in year 2017 / 2018 but the reduction was not statistically significant. The paired t-test method was used to calculate statistical significance and from the observed data, the computed value of  $t = 1.009432$  while the tabulated value  $t_{0.05,11} = 1.796$ . Since  $t < t_{0.05,11}$  the null hypothesis was not rejected and the conclusion made was that the improvement in response time since the introduction of the Feeder Based Business Unit as an operations strategy in Kisumu County was not statistically significant.

The findings from conducting the interviews and analysis of secondary data confirmed that there was an improvement in performance as a result of implementation of the strategy. The study established that the number of breakdowns and response time to breakdowns had reduced as a result of confinement of teams to their FBBUs which made them more focused and accountable and they were also able to respond to customer complaints fast. Analysis of secondary data reports on performance confirmed that the number of breakdowns had reduced and the improvement was statistically significant and the response time to breakdowns had reduced though the improvement was not statistically significant.

The study sought to establish the impact of implementation of the strategy on customer complaints. The study established that customer complaints were resolved faster because the resources were near, customers went to specific FBBUs when they had complaints as opposed to before when resources were centralized and it took time to mobilize

resources. They also responded that employees have been assigned specific itineraries in every FBBU and they were held accountable in case they didn't respond to customer complains, when a customer lodged a complaint its known it's a specific FBBU and a specific supervisor that should handle, there is an improvement in meter reading accuracy and coverage hence reduced customer complaints.

Secondary data on customer complaints for the period 1<sup>st</sup> July 2016 to 31<sup>st</sup> October 2017 was available in the Customer Relationship Management System for the whole of Western Region, it was not broken down to county level and therefore it was not possible to analyze it. It is however noted that the Integrated Customer Service Management System which was implemented from 1<sup>st</sup> November 2018 captures data on customer complaints at both Regional level, County level and per FBBU.

The study explored the role of performance contracting in the implementation of the FBBU as an Operations strategy. The study established that targets were aligned to the FBBUs which ensured a more focused approach and ownership. They also responded that performance reviews are conducted on a quarterly basis for purposes of monitoring performance of the FBBUs, any challenges were discussed and resolved and areas of improvement were also noted and action plans developed to ensure the plans were followed through. They also responded that to achieve the set targets the employees had to plan their work. The County Business Manager, Kisumu said:

“performance contracting has induced competition between the FBBUs, the FBBUs which are not performing well are encouraged to improve their performance.”

On further probing the study established that the Managing Director and CEO of KPLC was also following up on performance of FBBU as he had directed all the Regional Managers through an internal memo to ensure full implementation of the FBBU operations by ensuring full roll out, operationalization of FBBU and cascade to all the staff in order to achieve efficient and effective service delivery and delight the customers.

### **4.3 Challenges of implementing FBBU as an Operations Strategy**

The study examined the challenges that were encountered during implementation of the strategy. The study established that the major challenge faced was inadequate human resources, vehicles and motor bikes. The resources had to be shared between the five Feeder Based Business Units in Kisumu County and they were already few. The FBBU In-Charge, Katito said:

“Katito was a depot before and it had very few staff handling emergency duties and meter reading, teams could be sent from Kisumu to carry out maintenance work. When the FBBU as an operations strategy was implemented the employees were wondering how the targets would be achieved without adequate resources and yet the length of Katito feeder is 364km, the longest feeder in the County.”

On probing the study established that no action had been taken on the challenge of inadequate resources and this was affecting service delivery timelines and customer satisfaction. They said that the workload was high but the number of staff and vehicles were inadequate for instance, every FBBU in Kisumu County has one vehicle for the emergency team and another one for the maintenance team. In times when a vehicle has to be taken to the garage for repairs or service then the breakdowns are not resolved within the stipulated timelines. If resources were adequate work would continue without

any interruptions. The information was confirmed by checking the minutes for Katito FBBU meetings for the months of November 2017, December 2017 and January 2018 where it was noted that the following challenges had been raised more than once and not yet actioned; lack of a store for storage of materials for emergency and customer service teams, additional staff, errors made while sequencing of two feeders; Rae ex Ahero and Ahero ex Ahero.

Resistance to change from some employees who wanted the status quo to remain was another challenge that was faced. Some of the factors which contributed to resistance were; employees felt that they could be sacked when they were informed that Operations and Maintenance staff and Customer Service employees would be working in one FBBU and they were expected to multi task, non performing employees feared exposure due to the high level of accountability required by implementation of the strategy, the resources were already inadequate and they were to be shared by the five FBBUs this resources were; staff, tools and equipments and vehicles, the Operations and Maintenance and Customer Service employees took time to work together as a team, they still wanted to work independently.

The study established that some reports were not been broken down to specific Feeder Based Business Units for instance the cash collection report was received for the whole county and hence it was difficult to determine the contribution of every Feeder Based Business Unit. This posed a challenge of accountability because it was not possible to

determine which Feeder Based Business Unit was meeting their target and which ones were not meeting their targets. The FBBU In-Charge, Kisumu Central said:

“the cash collection report is not broken down per Feeder Based Business Unit and therefore it is not possible to know how much profit each Feeder Based Business Unit is generating for the county. The management is aware and they are working on ensuring that every FBBU receives their report on cash collection.”

Another challenge faced was that some targets were not measurable, for instance the non-vend reports were provided for the whole region and not broken down to every FBBU. The target was a critical one as the company was losing revenue through meters that were not vending. The FBBU staff therefore signed performance targets for year 2017 / 2018 with the expectation that the reports would be broken down so that every FBBU would make a follow up and boost revenue for the County. By the time the financial year was ending the non-vend report had not been broken down per FBBU and this meant that all the FBBU staff used the score for Kisumu County and were rated poor, this served as a demotivation for the FBBU in charges because they felt that they did not have control over the target.

The study established that the strategy required that the employees in Operations and Maintenance department and those in Customer Service department to multi task but the employees were not trained to handle the roles they were not handling previously. Multi-tasking was supposed to enhance productivity by doing more with the few resources that were available, avoid wastage of resources because if a customer had a billing complaint and an Operations and Maintenance team was working nearby they would serve the

customer instead of waiting for a Customer Service employee to attend to the complaint.

The FBBU In-Charge, Kisumu South said:

“staff were meant to be all rounded, for instance when a Meter Reader clears their duty for the day and finds a customer without supply due to a blown fuse they are not able to resolve the complaint due to incapacity.”

On probing further, the study established that employees were not adequately prepared for the change as they were not trained on change management so that they could appreciate why the change was being implemented, why they were being asked to multi task and the importance of supporting the change.

Misallocation and misalignment of meters due to migration of the system from Integrated Customer Service to Integrated Customer Management System. During migration some meters went to the wrong itineraries and currently meters were read based on the transformers where they were aligned. For instance, there are cases where some meters in Vihiga County are found in Kisumu and as a result accuracy of billing is affected as the meters are not read as required. Some feeders also crisscross from one County to another or from one Region to another for instance Sondu ex Chemosit feeder is in Central Rift Region but 250 customers are in Katito FBBU, this means that maintenance is carried out by Katito FBBU staff and the revenue is collected by Central Rift Region.



#### **4.4 Measures to deal with the Challenges**

This section sought to find out measures that had been taken to address the challenges for success of the Feeder Based Business Unit as an Operations strategy. The study established that when the strategy was implemented the Feeder in charges were reporting to the County in charges of their departments but in July 2018 management appointed them formally and they were currently reporting to the County Business Manager, Kisumu. This was done to provide leadership and ensure that they were fully in charge of the operations of their FBBUs and were held accountable in case of any omissions.

Every FBBU was allocated a cost center with a pool of funds to manage, this has eased operations as every FBBU in charge is able to monitor their budget and request for reallocations when there is a deficit and also makes operational decisions based on availability of funds. The staff in every FBBU have also been aligned in their cost centers and therefore their travel allowances, luncheon allowances and annual leaves are approved by the FBBU In-Charge as opposed to before when the County Business Manager used to approve for staff in the whole county.

The study established that staff redeployments had been implemented to support FBBU, for instance the staff that were initially in Projects section were redeployed to FBBU. Previously they were inspecting construction jobs for the whole of Kisumu County to ensure that they met the required standards but they were all distributed to Operations and Maintenance and Customer Service department. This means that every FBBU has two

employees supervising jobs and since FBBU is a small area they are able to supervise all the jobs as opposed to before when they were handling jobs for the whole County.

In the 2018 / 2019 financial year the Balanced Scorecard was implemented for all the FBBUs and every FBBU was assigned financial targets which were not there before, monthly review meetings to track performance of the FBBUs are held and in case challenges were identified they were resolved and this had brought about more focus in achieving performance targets and hence the corporate objectives. The FBBU In-Charge, Kisumu North said:

“tracking of performance ensures that the set targets are achieved.”

The study established that delegation of authority were issued to all Operations and Maintenance In-charges, Operations and Maintenance Feeder Cluster In-charges, Customer Service In-charges, Customer Service Cluster Feeder In-Charges. This were issued in line with implementation of FBBU so that the FBBU supervisors could understand what was required of them in their new role.

## **4.5 Discussion**

The findings of the study affirm that the FBBU as an operations strategy was implemented and that the strategy has a positive relationship with performance. The Theory of Constraints support implementation of operations strategy to improve performance. According to Singh *et al.*, (2018), the theory of constraints is a strategy for continuous improvement of an enterprise and it can be relevant in improving operations,

production and logistics by concentrating on the weaknesses to turn them to non-constraints. It focuses on the view that any organization can be viewed as a system with many links and the main objective of any system is to gain high returns on the invested capital. Each system has a weakness and if the weaknesses are identified and their performance improved, then it has a positive effect on the performance of the entire system. The theory of Constraints emphasizes on organizations identifying areas of weakness in their operations and finding out how they relate to each other in order to improve performance (Simsit *et al.*, 2014).

The findings of the study support the theory, in the case of Kisumu County, having centralized operations was a weakness in that it took long for teams to attend to breakdowns and the response time to breakdowns was also poor. The constraint was identified and the FBBU as an Operations strategy was implemented to improve on performance. From the findings of the study, the number of breakdowns and the response time has reduced as a result of devolvement. There are still challenges which need to be resolved to further improve performance but as Singh *et al.*, (2016) points out, there is no perfect system where all the chains perform to full efficiency. Kisumu County needs to continually identify the weaknesses and take measures to continuously improve the performance of the weaknesses in order to improve the entire system.

The theory of Performance Frontiers advances two performance frontiers for organizations; the asset utilization frontier where performance can be achieved if assets are utilized efficiently and the operations frontier in which positive results can be

achieved under existing operations policies (Lesseure, 2010). In the case of Kisumu County, the existing resources; staff, vehicles, motor bikes, tools and equipment were optimally shared among the five FBBUs and redeployments done to fill existing gaps, this ensured that the available resources were optimally utilized, the appointment of the FBBU in charges also provided leadership to the teams and the enhanced supervision and guidance, accountability has led to improved performance.

The FBBU as an Operations strategy was implemented in order to enhance quality and service delivery in Kisumu County. The findings of the study confirm that the strategy achieved the intended results because the number of breakdowns and response time to breakdowns reduced after implementation of the strategy. In order to enhance performance further, the management should ensure that the challenges which have been raised are resolved by putting in place measures to counter them.

The findings of this study are in agreement with other scholars but they also differ with others. Muiruri (2008) established that after implementation of outsourcing of distribution logistics as an operations strategy in East African Breweries, the organization saved Kshs.500million in operating costs from the initial cost of Kshs.1.3 billion, there was a saving on time as employees who were involved in distribution logistics duties were released to participate in more important duties, there was also an improvement in customer service delivery to 80% from the previous 40%. He also found out that using Key Performance Indicators and Service Level Agreements speeded up achievement of the intended results.

Kipngetich (2016) studied operations strategy and organizational performance of ailing firms in Kenya and established that the relationship between organizational performance and operations strategy practices was a positive one but not statistically significant, he thus concluded that operations strategies were not the only factor in improving organizational performance, they should be used to counter weaknesses, leverage potential opportunities, guard against threats gauge a firms strength so as to enhance performance of the organization.

Magutu et al., (2010) conducted a study on formulation and implementation of operations strategies used in solid waste management: A case of City Council of Nairobi. From the findings he established that City Council of Nairobi had not taken effort and time to execute its operations strategy and that operations strategy contributed to the internal strengths which had the highest effect on City Council of Nairobi's competitive advantage which were highly trained employees, responsiveness to employees in meeting customer needs and quality control techniques.

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

## **5.1 Introduction**

This chapter has five sections, a summary of the findings of the study, the limitations of the study, recommendations for policy and practice, conclusions and suggestions for further research. The research objective was to determine the impact of implementation of the Feeder Based Business Unit as an Operations strategy in Kenya Power and Lighting Company, Kisumu County.

## **5.2 Summary**

The objective of the study was to determine the impact of implementation of FBBU as an Operations strategy in Kenya Power and Lighting Company, Kisumu County. Interviews were conducted in order to explore how the Feeder Based Business Unit as an Operations strategy was implemented, the challenges faced during implementation, measures taken to deal with the challenges. Secondary data was on number of breakdowns and response time to breakdowns was also analyzed to verify the information gathered during the interviews.

The study established that the FBBU as an Operations strategy had a positive relationship with performance. Majority of the interviewees attributed the improvement in performance to devolution which meant that they were closer to the customers and in case there were breakdowns they were resolved faster than before when operations were centralized, inspections on the lines also ensured that preventive maintenance was carried out and this had reduced the number of breakdowns. Analysis of secondary data on the

number of breakdowns which are network complaints before implementation of the strategy and after showed that the number of breakdowns in 2016 / 2017 financial year were 14,395 and in 2017 / 2018 financial year they reduced to 2,873. From the observed data, the computed value of  $t = 7.044937$  while the tabulated value  $t_{0.05,11} = 1.796$ . Since  $t > t_{0.05,11}$  the null hypothesis was rejected and the conclusion made was that there was a positive relationship between implementation of the strategy and performance and it was statistically significant.

Analysis of the response time to breakdowns showed that the average time taken to resolve customer complaints in 2016 / 2017 financial year was 226.25 minutes while in 2017 / 2018 financial year it reduced to 190.66 minutes. From the observed data, the computed value of  $t = 1.009432$  while the tabulated value  $t_{0.05,11} = 1.796$ . Since  $t < t_{0.05,11}$  the null hypothesis was not rejected and the conclusion made is that there was a reduction in the average response time to resolve breakdowns but the improvement was not statistically significant.

Customer service complaints were not analyzed because the data was not broken down to county level in the Customer Relationship Management System which was previously used. It was however noted that the Integrated Customer Service Management System which was implemented from 1<sup>st</sup> November 2018 captures data on customer complaints at both regional, county level and per FBBU.

The study established that employees were not involved when the FBBU as an Operation strategy was being implemented. The employees were informed about the strategy but their views were not sought.

The study established that when the strategy was implemented not all the employees were communicated to. The supervisors for Customer Service and Operations and Maintenance department were invited for target setting meetings where they were briefed about the strategy and advised to cascade the information to staff reporting to them. Some interviewees said that employees in FBBU understood the concept well while the employees in other departments did not understand the FBBU concept.

The study established that there were challenges during implementation of the strategy, resistance to change, inadequate resources, targets that were not measurable, reports that were not broken down to FBBU level for accountability purposes, misallocation and misalignment of meters. Some of the challenges have not been actioned and this is affecting service delivery. Provision of adequate resources by the management is necessary for continued improvement on performance.

The study established that measures have been taken to address the challenges of implementation of FBBU as an Operations strategy. Formal appointment of FBBU In-charges were done in order to enhance accountability, all the FBBU have been put on balanced scorecard in order to align their performance with the corporate objectives, resistance to change has been addressed through continuous communication and addressing the issues raised by employees in a transparent way. It is important that the performance of the FBBUs be continuously monitored in order to maximize on performance and ensure efficient utilization of resources.



### **5.3 Conclusion**

Based on the findings of the study, the research concludes that there is a positive impact on performance after implementation of the Feeder Based Business Unit as an Operations strategy in Kisumu County. It is important for the management to ensure monitoring of performance to further enhance performance. The findings agree with Wambua (2014) who established a positive relationship between performance and operations strategy. The operations strategy was utilized to provide organizations with enhanced performance, increased number of loyal customers and general enhancement of business standing in the society.

The study concludes that the major challenge to implementation of the strategy is inadequate resources. It is necessary for the management to provide adequate resources to support the strategy and enhance performance by ensuring that service delivery timelines are adhered to and that operations run seamlessly.

The study concludes that communication of the strategy was inadequate since it was not communicated to all employees, only employees from Customer Service department and Operations and Maintenance department were communicated to. Management should ensure that all employees in Kisumu County are communicated to when a new strategy is implemented so that they support its implementation. This agrees with Schaap (2006) who found out that employees who are aware and are in agreement with the organizations strategic plan will be more committed than employees that are not aware and are not in agreement with the strategic plan.

The study concludes that employees were not involved when the strategy was being implemented. They were informed of the strategy and advised to support implementation. It is important for the management to involve employees by seeking their views before implementing strategies so that they feel as part of the team and support its implementation.

#### **5.4 Recommendations for Policy and Practice**

The study recommends continuous monitoring of response time, number of breakdowns and customer complaints to improve on performance. The study established that data on customer complaints was not broken down to County level and was therefore not analyzed. It is however noted that the Integrated Customer Management System which was implemented in November 2017 captures the data on Regional, County and FBBU level. The study recommends that the number of customer complaints should be monitored and appropriate action taken in order to enhance customer satisfaction.

The study recommends that the management should provide adequate resources to support the FBBU as an Operations strategy. The study established that inadequate resources was the major challenge to implementation of the strategy and it was also a cause of resistance to the change.

The study recommends effective communication to all employees through meetings, memos, e-mails so that they can support achievement of the corporate objectives. It is important for management to create awareness when any new strategy is implemented in order to get support from the employees, manage resistance to change and for all employees to work as a team towards achieving the corporate objectives.

The study recommends that employees should be involved when a new strategy is being implemented so that they feel they are part of the team and this motivates them to support its implementation.

### **5.5 Limitations of the Study**

The contextual limitation experienced was that the study focused on Kisumu County whereas there are 46 counties in Kenya Power and Lighting Company. The study was targeting six interviewees for interview but only five interviewees were available for interview. One respondent was not available due to busy schedule and limited time. The findings of this study might not necessarily be applicable to all counties of Kenya Power and Lighting Company Limited as conditions might be different from one county to another, the sample is also not representative as the number of interviewees is small.

The methodological limitation experienced was that secondary data on number of customer complaints for the year 2016 / 2017 and 2017 / 2018 was available in the Customer Relationship Management system for the whole of Western Region, it was not broken down to county level. This study was focusing on Kisumu County and therefore the data was not analyzed. It is however noted that a new system, Integrated Customer Relationship Management was implemented in November 2017 and the data is available at both Regional, County and at FBBU level.

Another methodological limitation experienced was that this was a case study and an interview guide was used to collect primary data and a secondary data collection form to collect secondary data. Another research design could have been used, for instance, a

survey research design with a large sample size, all Counties of KPLC and data collected through a questionnaire.

## **5.6 Suggestions for Further Study**

This study was limited to Kisumu County and the number of respondent that were interviewed was small, it is recommended that a similar study be conducted in other counties of Kenya Power and Lighting Company and a large sample should be picked in order to get representative information from many interviewees on the impact of implementation of the Feeder Based Business Unit as an Operations strategy. This will enable the company to compare the findings and note the successes and failures of the strategy for improvement purposes.

It is recommended that a study should be done to determine whether there has been a reduction in customer complaints in Kisumu County from the time the Integrated Customer Relationship Management system was implemented in November 2017.

It is recommended that another research design and data analysis method should be adopted and a study done in all the Counties of KPLC targeting to get more accurate results.

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## **APPENDICES**

### **Appendix I: Letter of Introduction**

Dear Respondent,

#### **TO WHOM IT MAY CONCERN**

I'm a student at the University of Nairobi undertaking a Masters of Business Administration degree and in partial fulfillment of the degree I'm required to carry out a research. The title of my study is Impact of Implementation of Feeder Based Business Unit as an Operations strategy in Kenya Power and Lighting Company, Kisumu County.

I hereby request you to answer the questions in the interview guide, the information obtained will be for academic purposes only and will be treated confidentially.

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

Thank you for your cooperation.

Nancy Kerubo Nyarige

Reg. No. D61/68799/2013

## Appendix II: Letter of Introduction from the University of Nairobi



### **UNIVERSITY OF NAIROBI** **SCHOOL OF BUSINESS** **KISUMU CAMPUS**

Telegrams: "Varsity" Nairobi  
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Kisumu, Kenya

Ref: UONB/CHSS/SOB D61/68799/2013

Date: 7<sup>th</sup> November, 2018

#### **TO WHOM IT MAY CONCERN**

The bearer of this NANCY KERUBO NYARIGE  
REGISTRATION NO: D61/68799/2013

The above named student is in the MBA program. As part of requirements for the course, she is expected to carry out a study on **"Impact of implementation of feeder based business unit as an operations strategy on performance in kenya power and lighting company, kisumu County Kenya"**-

She has identified your organization for that purpose. This is to kindly request your assistance to enable her complete the study. The exercise is strictly for academic purposes and your assistance will be greatly appreciated.

Thanking you in advance.

Sincerely,

07 NOV 2018

**DR NIXON OMORO**  
**ASSISTANT CO ORDINAOTR, SOB, KISUMU CAMPUS**

Cc File Copy

## Appendix III: Interview Guide

Dear respondent,

I humbly request you to participate in this study, I will highly appreciate your assistance. The information you provide in the questionnaire will be treated confidentially for academic purposes only.

1. How was the FBBU as an Operations strategy implemented?
2. Were employees involved when the FBBU as an Operations strategy was being implemented?
3. How would you rate employees understanding of the FBBU as an Operations strategy?
4. How was the implementation of the strategy communicated to employees?
5. Was there any resistance to the implementation of the FBBU as an Operations strategy?
6. How would you rate employees sense of ownership of the FBBU as an Operations strategy?
7. What has been the impact of implementation of FBBU as an Operations strategy on the number of breakdowns?
8. What has been the impact of implementation of FBBU Operations as an Operations strategy on the customer complaints
9. What has been the impact of implementation of FBBU as an Operations strategy on the time taken to resolve customer complaints?
10. What role has performance contracting played in the implementation of the FBBU as an Operations strategy?
11. What challenges hinder successful implementation of FBBU as an Operations Strategy?
12. What measures have been taken to ensure success of the FBBU as an Operations strategy?

## Appendix IV: Secondary Data Collection Form

### NO. OF BREAKDOWNS

<b>MONTH</b>	<b>PERIOD BEFORE 2016 /2017</b>	<b>PERIOD AFTER 2017 /2018</b>
JULY		
AUGUST		
SEPTEMBER		
OCTOBER		
NOVEMBER		
DECEMBER		
JANUARY		
FEBRUARY		
MARCH		
APRIL		
MAY		
JUNE		
<b>TOTAL</b>		

### RESPONSE TIME TO BREAKDOWNS

<b>MONTH</b>	<b>PERIOD BEFORE 2016 /2017</b>	<b>PERIOD AFTER 2017 /2018</b>
JULY		
AUGUST		
SEPTEMBER		
OCTOBER		
NOVEMBER		
DECEMBER		
JANUARY		
FEBRUARY		
MARCH		
APRIL		
MAY		
JUNE		
<b>TOTAL</b>		

# Appendix V: Balanced Scorecard FBBU In-charge, Muhoroni

APPENDIX 1								
NAME: JAOKO MESWA		S/N: 14536						
JOB TITLE: FBBU I/C_MUHORONI		REGION: WESTERN						
BALANCED SCORECARD FOR 2018/2019								
PERSPECTIVE	OBJECTIVE	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	WEIGHT	ACTUAL 2017/18	TARGET 2018/19	INITIATIVE	TASKS
Financial	Increase Revenue	Unit Sales	GWh	20	8.8		Revenue Growth	Map out prospective LP & SME customers within their county Visit LP & SME customers to spread awareness on ease of applying for additional load – 1 monthly Inspection of Streetlighting infrastructure Actioning of streetlighting inspection reports Metering and billing of streetlighting Identify costs that can be reduced
		Variable cost as % Basic salary	%	10	65.0	30	Cost Management	Analyse reports from the vehicle tracker app and initiate actions Rationalize team travel plans
Customer/ Stakeholder	Improve Customer Experience	Customer Satisfaction Survey	Sub-Weight	30	70%	72	Implement power clinic Billing Accuracy	Identify and cluster the County's stakeholders Identify the issues/complaints raised by the stakeholders for action Hold periodic meetings with stakeholders Analyse customer complaint and establish an action plan Follow up with FBBU customer service incharge on timely implementation of the action plan
Internal Business Processes	Improve on Network Reliability & Efficiency	CAIDI	Sub-Weight	15	1.65	2	System Loss Reduction	Initiate regular inspection of meters Timely replacement of faulty meters Recovery of lost units Monthly engagement with FBBUs incharge on poorly performing feeders and transformers and agree on mitigations
		LV incidences per month	No.	10	53.5			Carryout focused inspection Map out system hotspots and develop maintenance action plan Implementation of reinforcement schemes
		MV breakdowns per month	No.	8	7.9			Implementaion of focused predictive/preventive maintenance on Primary substations and distribution network.
		Transformer Failures per year	No.	7	14.0	45,3,3		
Organizational Capabilities	Enhance a Shared Performance Culture	Employee Productivity Index	Sub-Weight	35	72.3	78	Staff Development Staff Accountability & Cohesiveness Team spirit development	Performance review Meetings Staff meetings Institute and implement a recognition scheme to acknowledge exceptional performance
			Sub-Weight	20				
			Total Weight	100				

**SIGNED BY EMPLOYEE:**  
Name: Jaoko Meswa  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

**SIGNED BY SUPERVISOR:**  
Name: Eng. Erick Ohaga  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_

## Appendix VI: T test Table

<b>t Table</b>											
cum. prob	$t_{.50}$	$t_{.75}$	$t_{.80}$	$t_{.85}$	$t_{.90}$	$t_{.95}$	$t_{.975}$	$t_{.99}$	$t_{.995}$	$t_{.999}$	$t_{.9995}$
one-tail	0.50	0.25	0.20	0.15	0.10	0.05	0.025	0.01	0.005	0.001	0.0005
two-tails	1.00	0.50	0.40	0.30	0.20	0.10	0.05	0.02	0.01	0.002	0.001
df											
1	0.000	1.000	1.376	1.963	3.078	6.314	12.71	31.82	63.66	318.31	636.62
2	0.000	0.816	1.061	1.386	1.886	2.920	4.303	6.965	9.925	22.327	31.599
3	0.000	0.765	0.978	1.250	1.638	2.353	3.182	4.541	5.841	10.215	12.924
4	0.000	0.741	0.941	1.190	1.533	2.132	2.776	3.747	4.604	7.173	8.610
5	0.000	0.727	0.920	1.156	1.476	2.015	2.571	3.365	4.032	5.893	6.869
6	0.000	0.718	0.906	1.134	1.440	1.943	2.447	3.143	3.707	5.208	5.959
7	0.000	0.711	0.896	1.119	1.415	1.895	2.365	2.998	3.499	4.785	5.408
8	0.000	0.706	0.889	1.108	1.397	1.860	2.306	2.896	3.355	4.501	5.041
9	0.000	0.703	0.883	1.100	1.383	1.833	2.262	2.821	3.250	4.297	4.781
10	0.000	0.700	0.879	1.093	1.372	1.812	2.228	2.764	3.169	4.144	4.587
11	0.000	0.697	0.876	1.088	1.363	1.796	2.201	2.718	3.106	4.025	4.437
12	0.000	0.695	0.873	1.083	1.356	1.782	2.179	2.681	3.055	3.930	4.318
13	0.000	0.694	0.870	1.079	1.350	1.771	2.160	2.650	3.012	3.852	4.221
14	0.000	0.692	0.868	1.076	1.345	1.761	2.145	2.624	2.977	3.787	4.140
15	0.000	0.691	0.866	1.074	1.341	1.753	2.131	2.602	2.947	3.733	4.073
16	0.000	0.690	0.865	1.071	1.337	1.746	2.120	2.583	2.921	3.686	4.015
17	0.000	0.689	0.863	1.069	1.333	1.740	2.110	2.567	2.898	3.646	3.965
18	0.000	0.688	0.862	1.067	1.330	1.734	2.101	2.552	2.878	3.610	3.922
19	0.000	0.688	0.861	1.066	1.328	1.729	2.093	2.539	2.861	3.579	3.883
20	0.000	0.687	0.860	1.064	1.325	1.725	2.086	2.528	2.845	3.552	3.850
21	0.000	0.686	0.859	1.063	1.323	1.721	2.080	2.518	2.831	3.527	3.819
22	0.000	0.686	0.858	1.061	1.321	1.717	2.074	2.508	2.819	3.505	3.792
23	0.000	0.685	0.858	1.060	1.319	1.714	2.069	2.500	2.807	3.485	3.768
24	0.000	0.685	0.857	1.059	1.318	1.711	2.064	2.492	2.797	3.467	3.745
25	0.000	0.684	0.856	1.058	1.316	1.708	2.060	2.485	2.787	3.450	3.725
26	0.000	0.684	0.856	1.058	1.315	1.706	2.056	2.479	2.779	3.435	3.707
27	0.000	0.684	0.855	1.057	1.314	1.703	2.052	2.473	2.771	3.421	3.690
28	0.000	0.683	0.855	1.056	1.313	1.701	2.048	2.467	2.763	3.408	3.674
29	0.000	0.683	0.854	1.055	1.311	1.699	2.045	2.462	2.756	3.396	3.659
30	0.000	0.683	0.854	1.055	1.310	1.697	2.042	2.457	2.750	3.385	3.646
40	0.000	0.681	0.851	1.050	1.303	1.684	2.021	2.423	2.704	3.307	3.551
60	0.000	0.679	0.848	1.045	1.296	1.671	2.000	2.390	2.660	3.232	3.460
80	0.000	0.678	0.846	1.043	1.292	1.664	1.990	2.374	2.639	3.195	3.416
100	0.000	0.677	0.845	1.042	1.290	1.660	1.984	2.364	2.626	3.174	3.390
1000	0.000	0.675	0.842	1.037	1.282	1.646	1.962	2.330	2.581	3.098	3.300
<b>Z</b>	0.000	0.674	0.842	1.036	1.282	1.645	1.960	2.326	2.576	3.090	3.291
	0%	50%	60%	70%	80%	90%	95%	98%	99%	99.8%	99.9%
	<b>Confidence Level</b>										