STRATEGIC DECISION MAKING AND PERFORMANCE AT KENYA POWER

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DECLARATION

This research project is my original and has not been submitted for any academic award before.

Sign ……… ……

Date …4th December 2021 …………

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The project has been submitted with my approval as the University Supervisor.

Sign …… …………………… Date … 6th December 2021………………………

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DEDICATION

This project is dedicated to my parents Pamela and Fred, My grand mum, son, daughter and wife for their unwavering support.

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LIST OF ABBREVIATIONS

CEO Chief Executive Officer

EPRA Energy and Petroleum Regulatory Authority

ERC Energy Regulatory Commission

IPP's Independent Power Producers

KP Kenya Power

KPLC Kenya Power and Lighting Company

ABSTRACT

The issue of strategic decision-making process has attracted the attention of researchers and enterprise managers. This has been largely attributed to globalization and technological advancements in the business environment which has intensified competition and resulted to a more dynamic environment which has compelled enterprises to fast track their decision making and operating processes for survival and growth. The study's objective was to examine strategic decision making and performance at Kenya Power. The study was informed by the institutional theory, the resource dependency theory and the porter's generic model. The study targeted the top management officials including the CEO, head of sales and marketing, head of strategy, head of research and development, head of human resource and head of finance who are key decision makers in the organization. Out of the six respondents targeted, five participated in the interview administered by the researcher translating to 85.7% response rate. The collected data was transcribed and analyzed using content analysis to make inferences. The results revealed that strategic decisions were mainly made by the top management, decision making process was faced with resource constraints, that the decision-making function was rigid, that decision making was evidence based though fairly slow and that decision making was influenced by various factors. The study recommends that the decision-making process be made participative across all members of the organization to foster ownership of decisions and realize success in the implementation. Adequate resources should also be allocated to decision-making function as this is critical in ensuring that decisions are made timely to prevent losses or loss of clientele. Further, the organization should distance itself from political interference by ensuring that recruitment decision is informed and accurate decisions and devoid of bias in order to serve the interest of the company and the public at large.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Strategic decision making is considered a fundamental managerial activity in all establishments forms be it small or large, profit or not for profit, private or public as they offer an opportunity to realign or reposition an organization to better fit. With globalization and rapid advancement of businesses across the globe, managers should leverage and utilize all the available resources to protect the organization against potential threats. Through strategic decision making, the firm is able to match internal operations with external environment and overcome any potential challenges and threats since poorly made decisions can result to large economic loss and subsequent collapse of an organization.

Managers of organizations are urged to make profits from their business operations for every accounting period. Behind the profits are strategic decisions that managers ought to make to steer the firm towards attaining its objectives as desired by the top management and the board. Although managers are equipped with a pool of information prior to decision making, they may not arrive at the most perfect decision making for the organization. Similarly, Non-profit organizations top management are interest sensitive of multiple stakeholders such as regulating behavior, ensuring democratic processes and providing psychological, social rewards thus strategic decision making is crucial for the two types of organizations (Park and Kim, 2017).

An effective public sector under which Kenya Power is entrenched is vital for the growth of a nation. The public sector includes institutions that provide public services such as judiciary, local authorities, state corporations, teaching service, statutory bodies, armed forces and parliamentary service commission among others. These bodies are tasked with implementing government policies and programs which are issued from time to time. The government has attempted to rationalize strategic decision making in the recent past through policy reviews and strategic directives which are issued occasionally. This necessitate the need for company structures which advocate for efficiency and effectiveness in the mode of service delivery. Effective decision making is one of the avenues to ensure that this effort is upheld. Every successful company should develop an ethical model or framework that guides the decision-making process (Terziev et al. 2019).

1.1.1 Strategic Decision Making

Strategic decision making is defined as the plug of actions and dynamic elements commencing with commitment to an action and selection of means towards achieving the action. The process ascertains the extent to which decisions associated with the company and how effectively they are implemented.

According to (Mintzberg, 2007), strategic decision making refer to efforts before, during and after the final choice. The process involves strategy formulation, implementation, monitoring and evaluation. It also refers to the mental process that result to selection of the best course of action to mitigate an underlying problem. The process involves identification of steps that establish the decisions to be reached. These include the opportunities and threats in which the organization is exposed to. Upon identification, different approaches and options are evaluated and the best alternative adopted. Eventually, the best choice is selected to resolve the issue followed by a rigorous monitoring and evaluation process.

Strategic decisions should be consistent with the broader interests of the organization. Having good rational planning and adequate resource allocation alone is not adequate for making effective strategic decisions. The decisions constitute a pool of factors compared to those entrenched in the analysis executed at a tactical level. (Kapoutsis &Elbanna & Mellah, 2017). Even though the outcomes of rational analyses offer valuable insights, senior leaders should deliberate among a set of options across operational, economic and political value sets

1.1.2 Organizational Performance

Marmouse (1997) defines organizational performance as an approach whereby the firm is organized to attain its objectives and goals and the modality for attaining them. Performance arises from activities since it provides a strong nexus with the firm's strategic objectives, client orientation and contribution to the economy (Salem, 2013). Performance and its sustenance is what all companies focus at since it will enable the firm to grow and make progress. Strategic decision making is a very important factor in management and is arguably a highly significant pointer of a company's performance (Corina et al., 2011).

Performance parameters are considered to measure successes from a multidimensional view, such as that of the customer, employees, business processes and financial success, as well as from the point of view of past, current and future performance. The internal processes of the firm entail understanding the firm's internal processes which support the achievement of its objectives and how to make value addition to services and products purchased by the customers (Arshan, 2010).

The study adopted balanced scorecard to measure performance as it's a comprehensive set of measures that put's in consideration both financial and non-financial indicators in the organization. The balance scorecard approach allows performance to be tracked and measured in different angles for instance financial performance, customer service, social tasks and employee stewardship. The balance scorecard tool therefore brings together, in an integrated management report, performance elements that were previously in separate reports, enabling senior managers consider all important performance measures together and provides a holistic view of an organization's performance.

1.1.3 The Energy Sector in Kenya

Kenya's energy sector remains one important sector in the Kenyan economy. Until recently, the sector was regulated by the energy and regulatory commission (ERC) which was renamed to Energy and Petroleum Regulatory Authority (EPRA). Kenya power and KenGen are the two main power utility companies in Kenya. Many reforms have occurred in Kenya's energy sector as a result of demands from the donor community such as the world bank who insist that the transformations are fundamental for channeling of aid to the power sector. The rationalization of parastatal organizations in 1996 conceived two public sector companies for the generation and transmission of energy. This saw the placement of all the power generation assets and resources under KenGen and transmission and distribution function assigned to Kenya Power where the state has majority of the Shareholding. The liberalization of the power industry commenced in 1996 and has seen entry of independent power producers (IPPs).

In the recent Past, there has been a gradual progress in the Kenya's energy sector necessitated by various reforms in the power sector (Eberhard, 2018). This includes the introduction of the last mile connectivity policy which has increased access to electricity from approximately 20% in the past six years to 50% as at 2019. Diversification of power sources including geothermal power (currently 48% of total power produced) to replace imported diesel and solve the problem of unstable power generation (KPLC, 2017). Both Kenya's wind farm in Lake Turkana that generates roughly 310 MW and solar facility in Garissa are projected to be largest in Africa with a capacity 55MW (Kamau, 2018). Consequently, Kenya now produces significantly more power than it consumes. Despite these developments, most households still have no access to electricity while the connected experience power fluctuations which is harmful to economic prosperity. Like any other public institution in Kenya, the company is faced with mismanagement, unprofitable customer base and often conflicting profitability mandate.

1.1.4 Kenya Power Company Limited

Kenya power is a state-owned company with a mandate of transmission, distribution and selling of electricity in Kenya. It is a parastatal with a shareholding of 50.1% by the government with investor at 49.9%. It is a public company listed at the Nairobi Stock Exchange (NSE). It was formed in 1922 and has since then undergone many transformations to the present where it is purely involved in the transmission of electricity. The company was initially established under the name East Africa Power and Lighting Company but with many operations in Kenya, in 1997 the company's name was changed to Kenya Power and Lighting Company then to Kenya power in 2011 after several rebranding programs.

The company serves both corporate and individual clients. The company's customer base is approximated at 5.9 million and an annual sale of over 45 billion shillings. The company has recently been on a trajectory of loss making. Kenya power is the sole distributor of electricity across the country with the authority to bulk purchase electricity supply and distribute electricity to end users across the country (Kenya Power and Lighting Company, 2006). Kenya power has been focusing towards the provision of high customer service through effective transmission of high quality electricity that is adequate, safe and affordable.

Following increasing competitive environment, growing economy, more enlightened customer demanding for quality services, threat of new entry of competitors into the market and the high targets set by the ministry of energy and the government, Kenya power has been compelled to make strategic decisions that ensure the above demands are met. However, in formulation and implementation process of strategic plan, the company encounters various issues that affect its operations. During such times, the company is pressed to make hard strategic decisions that guarantee success and sustainability.

1.2 Research Problem

The concept of strategic decision- making process has become a topic of interest for researchers and top management. This has been attributed to rampant technological advancements and globalization which have intensified competition and resulted to a highly dynamic environment thus compelling companies to FastTrack decision making and operations to remain relevant (Zehir & Ozsahim, 2008).

In Kenya, the energy sector has undergone a lot of transformations aimed at strengthening and revamping the sector. Initially, Kenya power monopoly on hydroelectric power generation and supply that resulted to power supply disruptions during drought seasons with costly independent power producers being used to boost output (Ng'ong'a & Omwono, 2015). Despite the different change initiatives and reforms undertaken by the government to increase power output such as significant increase in geothermal and other forms of renewable energy, the performance indicators set by Kenya power have kept dropping instead of rising. Customer loyalty has stagnated at 50% while customer satisfaction remains low with 68-70% of customers stating that they are yet to experience the impact of the change that the company has embarked on (Mboga, 2013). Apart from the customer satisfaction survey, Internal Communications Index at Kenya Power declined from 69% to 67% while customer loyalty remained at 50% which was mainly attributed to the operational and structural decisions made by the company (Adan, 2015)

The topic “strategic decision making” has attracted lots of studies . Hamzeh and Mohammad (2019) conducted a research on strategic decision making and firm performance in a bid to understand the factors that influence manager’s decision such as environment leadership behavior and organizational justice and subsequent influence on performance. Kinuthia (2012) explored the considerations put forth while making decisions at the ministry of roads. Kyaka (2010) researched on the contribution of the factors influencing decision making in the Initial Public Offering (IPOs) in Kenya. On the other hand, Mathenge (2010) investigated the engagement of internal stakeholders in decision making at KCB. Similarly, Mulcaster (2009) undertook an empirical review on the factors influencing the effectiveness of strategic change and quality of strategic decision making.

From the above empirical evidence, it is clear that the subject of strategic decision making has been widely studied from different dimensions. However, all the studies highlighted were carried out in other contexts and not the Kenya Power. The study will respond to the proposed research question, how does strategic decision-making influence performance at Kenya Power?

1.3 Objective of the Study

This study had one objective, to determine the effect of strategic decision making and organization performance at Kenya Power

1.4 Value of the Study

The study’s findings will be useful to future researchers who wish to investigate how strategic decision making is a rudiment of organizational performance in organizations. The study has made contributions to the scope of knowledge in strategic management which will make contributions to the existing literature.

The study does not cover all the dimensions of strategic decision making thus future researchers will use the study to identify the potential areas for further study. The policy makers in the areas of strategic management will also use the study's findings to formulate and review the existing policies so as to improve the performance of the organization and ensure effective service delivery.

CHAPTER TWO: LITERTURE REVIEW

2.1 Introduction

This chapter reviews literature in accordance to the study's objective. The section explores the theories upon which the study is grounded and empirical review of the previous studies related to which resulted to the identification of research gaps

2.2 Theoretical Foundation of the Study

Theoretical foundation was based on the institutional theory, resource dependency theory and Porter's Generic Strategy Model.

2.2.1 Institutional Theory

The institutional theory was advanced by John Meyer and Brian Rower in the late 1970s to analyze how organizations fit, are related or shaped by their societal, national and global ecosystems. The theory explores social phenomena and views the social world as one comprised of institutions enduring practices and structures that set conditions for action. Institutions are of essence in that non-conformity with them attracts additional costs, higher risks and fewer resources that are required to support processes and activities (Lammers and Gacia, 2014).

According to institutional theory, the limited resources in the business environment, introduce the inherent challenge of top-down approach in identifying areas of investment. Subsequently, the top-down approach limits the coordination of additional resources. The institutional theory seeks an in-depth analysis into the institutional differences between the developed and developing nations beyond the models of competition and proposes an institutional view of national global competition (Anh and York, 2012). National Institutions have potential control over resources, infrastructure and capital and thus influencing local institutions such entrepreneurship ecosystems.

While analyzing the process of change, Veblem emphasized on the importance of habits in interactions between institutions and individuals. He poised that credit was important for control of production although it made negligible contribution to the production capacity of the industry. Veblem believed that credit was purely fictitious since creditors take over and become owners of capital during periods of financial recession (Veblem, 1932). The theory is relevant to this study as it describes the risk management practices that Kenya Power may adopt to control the isomorphic pressures arising from the external environment over time. Institutional theory has been used in this study to establish whether strategic decision making by KPLC has made significant improvement to their values.

2.2.2 Resource Dependence Theory

Founded by Pfeffer and Salancik (1978), the resource dependence theory argues that no company can obtain resources needed for survival by operating in isolation. Firms are encouraged to work in close collaboration with individuals and firms from beyond their network. Firms often seek to control either externally or internally over crucial resources in the environment coupled with uncertainty to increase their likelihood for survival by adapting to the environment (Ahuja, 2000). This theory argues that the firm is involved in co-opetition (a blend of competition and cooperation). Differences in behavior of organization can be attributed to management decisions which are affected by internal and external agents controlling important resources. The owners of critical resources have power which controls behavior.

A crucial assumption of the resource dependence theory argues that dependence on important resources influences the decisions of organizations and actions can be explained based on the dependency scenario. The resource dependence theory argues that the environment is a source of critical resources required by the organization. To understand the environment, one should first clarify the resources that are considered as critical.

A specific resource only constitutes a small proportion of total resource requirements or costs but it is alarming if lack of that resource sabotage the organization's ability to function. However, the resource dependence theory does not postulate that the environment and the dependency on crucial resources directly affect the behavior of the organization but rather assumes about the actors and how they relate with the environment. It believes in bounded rationality which acknowledges the limits of tackling complex issues in processing information.

2.2.3 Porter's Generic Strategy Model

Porter (1980) developed generic strategies which were based on cost leadership, differentiation and focus. The model argued that failure of corporation to focus on trio would lead to massive business loss and misappropriation of resources. Subsequent empirical enquiries on the trio have cemented that they have capacity to stimulate corporation competitive advantage (Hilman, 2009). Though, they cautioned that corporation competitive advantage is anchored on strategy alignment with its goals and objectives (Muia, 2017).

Cost leadership strategy; corporation produces their goods in the lowest price and enhance its capacity to gain competitive advantage (Davidson, 2008). Cost advantage is achieved through pursuance of economics of scale, incorporation of technology in production process and adoption of vertical merger with producers of raw materials (Malburg, 2007). According to Muia (2017) adoption of cost leadership strategy enhances organization capacity to develop internal strength. Moreover, organization should devise measures to acquire capital for acquisition of production machines. In fact, organization ability to attain and sustain cost leadership, then it will enhance performance as compared to their competitors.

Differentiation strategy is achieved through development of goods and services which are customized to customer unique needs and have superior quality as compared to their rivals (Davidson, 2008). Product uniqueness may increase corporation returns through charging of premium on goods and services. Corporation that has adopted differentiation strategy has unique characteristics such as improved corporate reputation due to quality service delivery and innovation.

Focus strategy is based on organization selection of narrow market niche aimed at achieving cost advantage and differentiation. Focus strategy promotes customer retention and loyalty which hinders competitor's capacity to cannibalize firm's market share. The greatest threat with adoption of focus strategy is narrowing market share due to contraction of bargaining power. This may be altered through passing of costs to customers due to no-existent of close substitute goods and services. Focus strategy has enabled corporation development of tailored products and services which strengthens market share dominance (Karikari, 2015).

Corporation ought to be prepared on measures geared on responding to external threats and opportunities. This will be possible courtesy through synchronization of competitive strategies with its goals and objectives.

This will create value addition through competitive advantage and minimize likelihood of market share cannibalization. Market share protection would promote customer loyalty and optimize their retention.

2.3 Organization Performance

According to Sabina (2013), performance is important in allowing managers and researchers to evaluate specific actions of the managers, where firms stands against their competitors, and how firms evolves and perform over time. Performance measures are approved to give an outlook of success factors from different perspectives, such as that of the employees, customer, financial success and business processes and as well as from the perspective of the past, current and future performance.

Parameters such as sales performance, profitability, market share, customer satisfaction and level of technology adoption were used to measure firm performance in the study. Market share measures the amount of the market controlled by a single company. Market control by a company is assessed by examining the company's dominance in the market relative to that of the competitors over time (Edeling and amp;Fischer, 2016). The growth in the companies' market share was evaluated by establishing the new market segments that Kenya power has penetrated into over the last three years.

Sales performance is measured by tracking the revenue of the business over a specific period. On the other hand, profitability refers to the level to which the firm's activity yields financial gain. For the study, sales performance was measured by comparing the amount of power sold in the present with the volumes sold three years ago to ascertain whether there is growth or decline in sales.

Profitability is measured using different financial ratios such as gross profit , operating profit and net profit . The company's profitability will be measured by comparing revenues generated vis-à-vis costs incurred during at specific production periods thus giving a reflection of the firms' improvement in efficiency and effectiveness over time. Customer satisfaction refers to data collection and providing information regarding how clients are content or discontent with the products and services. Customer satisfaction is evaluated through a feedback system with regards to aspects such as price, quality and varieties of products available. Apart from the feedback mechanisms, information on the level of customer satisfaction will be obtained from the number of repeat customers consuming the companies' products and services (International Customer Satisfaction, 2017).

Just like other sectors, the energy sector has largely been affected by the Covid-19 pandemic. The energy sector operates a significant proportion of fixed assets which attract high operational costs thus higher risks in the event of pandemic such as Covid-19. Investors are averse about investment during periods of uncertainty hence stakeholders in the energy sector such as the government reduced energy production during this period which largely influenced the performance. The Covid-19 pandemic resulted to the escalation of oil prices which is a huge consumable in the production of power hence it has had a tremendous effect on the performance of the energy sector (Narayan, 2020). The performance of Kenya power has also dwindled during this period of the pandemic due to high default rate by customers owing to difficulties caused by the Covid-19 pandemic (Kamau, 2021)

2.4 Strategic Decision Making Process

Strategic decision-making entails procedures such as identification of problems or issues and establishing the course of action. This entails identifying the subjects which require action and acting accordingly to ensure that objectives are met. Effective decision making involves examining the problem through appropriate definition of the problem, analysis of the problem, formulation of alternatives, choosing the best alternative, implementation and undertaking of monitoring and evaluation (Nooraie, 2012).

Step one, which is investigating the situation involves identification of the problem. Confusion often arises that attracts the attention of the manager may be indicators of a more fundamental difficulty. Definition of the problem in accordance with the organizational objectives draws a line between symptoms and problems. Strategic objectives are recognized and decisions on what will entail appropriate solution stated. The second step involves development of alternatives. This step might prove complex for non-programmed decisions more so when there are time constraints. The manager should restrain from accepting the first feasible alternative and instead find the best solution to their drawbacks. To mitigate this, the decisions ought to be made once the options are evaluated and brainstormed.

Step three involves reexamining the alternatives and choosing the most desirable course of action. This is in line with the organization's strategy and internal politics, whether it meets the organizations ethical and legal structure and whether it has received the support of the senior management and employees. Every strategy adopted by the organization should be targeted towards attaining the helping the organization to attain its overall objectives while the final step undertaking monitoring and evaluation on the course of action taken. The management should then brace itself for the consequences of implementing the initiative.

This entails not just giving instructions but allocating the required resources and not being oblivious of the risks and uncertainties and putting in place measures where necessary (Janczak, 2005)

2.5 Strategic Decision Making and Organization Performance

Organization performance is measured exclusively based on the profitability level. None of the business plans to record losses during an accounting period. Therefore, managers of businesses plan their operations such that they yield profits. Behind these profits' managers are compelled to make good business decisions in order to drive the organization towards attaining its objectives. Strategic decisions when properly decided upon servers as an opportunity for an establishment to reposition the organization to better fit (Nooraie, 2012).

Strategic management is designed to provide alternatives to enhance the performance of the organization. It enables organizations to realign itself to the highly dynamic environment. According to (Tatum, 2003), managers make tactical decisions to resolve immediate problems. Manager leverage on multiple sources of information, evaluate different alternatives and synchronize different avenues for input. Nevertheless, informed strategic decisions should be made to ensure effective strategic making and subsequently performance (Child, 2007)

Performance is the motivation for every managerial decision and the organizational process and is thus perceived as an important principle strategic management. It is important that managers develop strategies that inform good strategic decisions which result to superior performance (Lyte & Timmerman, 2006). Anderson, 2004 evaluated organizational performance as measured by sales growth and profitability. According to Giacalone and Jurkiewicz (2004), strategic decision making will result to firm performance.

2.6 Empirical studies and Research gaps

Research has been carried out both locally and internationally to upkeep the association between strategic decision making and organizational performance but these studies have produced inconsistent results**.** Chenli, Yuhui & Abrokwah (2020) explored strategic decision making and sustainable performance among science and technology companies in China. Data was collected from more than 580 firms from the science and technology enterprises in from tier- one cities in China and analyzed using the structural equation modelling. The findings revealed a positive impact of constructive political behavior and procedural rationality on sustainable decision quality and performance. Behavioral integration was found to mediate the relationship between sustainable decision-making process and performance. There exists a contextual gap in the study as the study was conducted in China and the current study will ascertain if the findings hold in the local scene.

Elbanna, Thanos, & Jansen, (2020) delved into the influence of contextual factors on strategic decision processes. The entailed a thorough a desk review on the subject matter. The findings revealed that strategic decisions have been studied through a variety of longitudinal studies, cross-cultural studies and test of complex associations such as curvilinear relationships, three way mediation effects. The study used the literature review approach by undertaking a comparison existing integrative framework as opposed to the current study which will use field findings to derive deductions.

Liu (2017) did a study on TMT (top management team) shared cognition and strategic decision making and strategic decision making. The study used the shared mental model and the upper echelons theory to comprehensively analyze the relevant literature and proposed models that developed the Chinese context research. Based on literature review the study arrived at the following conclusions; TMT decision making is largely influenced by shared decision making, shows comprehension towards the actions required for attainment of goals, shared decision making articulates conflict through effective communication between team members thus enhancing efficiency. The aforementioned study used theoretical underpinnings to systematically analyze the nexus yet the current study will adopt a case study to establish the association between strategic decision making and performance

Matic & Bulog (2012) carried out a study to evaluate the nature of strategic decision making by large Croation companies. The study targeted 54 top managers of the companies who provided information as to whether incremental or radical learning was adopted in making the organization's strategic decisions. The results revealed exist stance of an association between the learning type and decision-making modalities at strategic management and that there was interdependence between the two processes and outcomes of strategic decision making. The study established that radical learning has a negligible effect on analytical decision making compared the effect exerted by incremental learning and that analytical perspective has no impact on decision making outcomes. There is a contextual gap since the study was carried out abroad.

Kesenwa. K, Oima,O & Oginda, M (2013) explored the effects of strategic decision making on performance at Safaricom Limited. The study focused on four mobile phone service providers to examine the impact of strategic decisions on firm performance. These firms were MPESA, yucash, Orange money and Airtel Money. The study rated Safaricom as the renowned leader in the provision of mobile moneys. It was established that tangibility relates to innovation, firm size is linked to market share and liquidity relates to profitability. The study concluded that performance outcomes are directly linked to strategic decision making. There exists a contextual gap which the study will be addressed by carrying out the study on the same variables at Kenya Power.

Wambui (2012) studied the factors influencing strategic decision making process at the Ministry of Roads' headquarters, Kenya. To achieve the research objective, the study employed a case study design. Primary data was collected from the respondents using an interview guide. Data was analyzed using content analysis. The study established that several factors influence strategic decision making process including resources, professional expertise, organizational structure, leadership styles, succession gaps and limited participation in decision making. The researcher notes that although there exists decision making processes at the ministry; improvements had to be made to make the process highly effective with regards to timeliness, quality and sustainability. The anticipated research study therefore will bridge the gap by establishing the link between strategic decision making and performance at Kenya Power.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section presents the research methodology adopted in the study. Methodology in this case are the procedures that were employed to conduct the study. This chapter focused on the research design, collection of data and analysis techniques deployed in the study.

3.2 Research Design

Research design is detailed guidelines to be adhered to optimize achievement of study objectives (Saunders, Lewis & Thornhil, 2014). Also, Sekaran and Bougie (2013) argued that through research design, researcher's distraction from achievement of study objectives is minimized.

This study adopted the case study research design. Sekaran and Bougie (2013) argued that case study design provide insight into specific situation and unearth experiences and interpretation of all parties involved. Saunders et al., (2014) purports that case study can be executed through quantitative or qualitative approaches. Kothari (2011) argued that case study is adopted to evaluate modern phenomena in real life via breaking down item under examination into alternative scope and sources information from various sources. The strength of this design is its capacity to allow more emphasis on detailed analysis of items under consideration and their interactions. It is dominant in qualitative study.

3.3 Data Collection

Data collection involves obtaining information of interest in a systematic manner to enable the researcher to address the research questions (Jensen, 1976). Primary data was collected with the aid an interview guide in this study. The primary data was appropriate in depicting actual scenario between the dependent and independent variables.

The choice of the instrument depends on the nature of data to be collected. Qualitative data was collected in the study hence an interview guide was adopted to obtain first- hand information regarding the constructs of the study. The interview guides allowed the researcher to seek clarity on specific issues of the study and gain a deeper understanding on the variables. The interview provided a cheap, efficient and effective way of gathering information within a short timeframe.

Self-administration interview was adopted in the study to optimize success of interview process. The researcher engaged on a face to face session with the respondents asking questions and taking notes. The researcher was allowed to seek clarification where necessary so as to obtain the most accurate answers. sentiments from the respondents were later transcribed to make sense of the data collected.

Interviews were conducted on Kenya power senior management working in strategic management, research, human resource and development, sales and marketing, finance department and the CEO as they are most knowledgeable about the company's strategies to improve performance. The strength of selecting this group of respondents was pegged on their active involvement in strategic implementation at Kenya power.

3.4 Data analysis

Data analysis is the process of bringing structure, order and meaning to the data collected (Mugenda & Mugenda, 2003). The qualitative data was analyzed and categorized based on the objectives of the study to help in explaining and describing study findings. Primary data collected in the study was qualitative and hence it was imperative that content analysis be used in evaluating the responses. Content analysis enabled in-depth analysis of the responses of the interviewee.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The study's objective was to establish the effect of strategic decision making on organization performance at Kenya Power. This section presents the analysis of the results based on the objectives and discussion. Data was collected through face to face interviews with the respondents. The qualitative data was subjected to content analysis which enabled the researcher to make conclusions from the responses.

4.2 Profile of the Respondents

This study targeted top level management of Kenya Power company limited, this were the CEO, the head of business strategy , head of finance, head of human resource, head of sales and marketing and head of research and development. Out of the six targeted five participated in the face to face interview administered by the researcher. The respondents comprised of male and female (three male and two female respondents) with a national outlook, vast experience and with a mandate of   formulating strategic decisions and ensuring performance is achieved within the set parameters at Kenya power company limited.

4.3 Strategic Decision Making and performance at Kenya Power Company Limited

The study sought to find out the key strategic decision makers at Kenya power. The findings revealed that decisions at Kenya power were mainly made by the top management which largely constitutes the different directorates, managers and the board. The respondents however stated that the decision-making process was centred around the company's vision was to be Kenya's energy solutions provider of choice by providing quality and reliable service to power people for better lives and enable the country's economic development in a sustainable manner. Further, the decision-making function was found to bring on board other stakeholders such as the shareholders, employees and regulatory bodies to ensure an optimal balance of competing interests.

The study established that Kenya power largely leverages on the business intelligence system in making decisions. The platforms allow the organization to collect large amounts of data, analyse the data and produce reports to aid decision making that inform business actions. The system encompasses a wide variety of tools and applications which enables the company to make instant decisions to improve efficiency. "*A data-based approach to strategic decision making is important for increasing efficiency and competitiveness and meeting external demands for accountabilit*y" said the Kenya Power Managing Director during the interview.

When asked to state the role of strategic leaders in aiding decision making, the respondents stated that this category of employees were charged with predicting and generating change initiatives where appropriate. It was reported that it is the strategic leaders who understood the current state of the markets and were therefore charged with strategically positioning the company's services and products in the market. The respondents affirmed that it is the strategic level management that determine how the needs of different sections of the organization need to be managed. A response "*it is the strategic level management team that keeps track of changes and evolutions in the market and recommend the appropriate action through managing the organizational processes*" was recorded.

The researcher sought to understand whether the organization considers different alternatives during strategic decision making. The findings revealed that various alternatives were put on board when developing strategies. It was construed that alternatives were evaluated based on careful considerations to social, economic and ecological factors that influence given outcomes. The alternatives that seemingly produced marginal or negative outcomes were dropped to leverage on the positive and impactful ones. In addition, strategic knowledge transfers was sought an alternative to streamlining procedures and operations that were still nascent. For instance, the respondents stated that the use of the prepaid meter reading as an example of strategic knowledge transfer between Kenya Power and German Power distributor.

The study sought to establish whether the Kenya power leverages on information while making strategic decisions. The results revealed that the company executives and managers scanned information from different groups such as stakeholders, customers, suppliers among others to inform decision making. The respondents emphasized that the use of information stretched beyond the consumption at company level but entailed assessing the basic characteristics of the consumers such as income levels, sizes of the household as well as to education level to in order to align the services to client expectations. The institutions mainly used the business intelligence dashboard to feed and analyse all the information collected to aid the decision-making process. However, the respondents stated that large amounts of data was collected in the organization but not all of it was used to inform business strategies and decisions.

When asked whether the organization has clear procedures for implementing proposed strategies, the respondents reported that the organization had a clear framework for strategy implementation. The respondents outlined that the strategy implementation process at the organization entails three components namely strategy description of strategy, measurement of strategy and management of strategy. To measure strategy, the organization was found to use the balance scorecard to ensure that objectives in multiple perspectives was fully developed. The balance scorecard was used to bridge the gap between strategy and personal objectives. When interviewed the head of strategy stated "*cascading the scorecard has ensured that everyone in the company understands that the corporate goals are always aligned to the employee goals"*

The study further resolved to establish whether the company's decisions were aligned to the strategic plan. The respondents stated that every decision in the company was made in accordance to the strategic plan. The study established that the strategic plan was frequently reviewed to accommodate the changes occurring arising from both within the internal and the external environment. The integration of strategic decisions into the strategic plan was further justified by the periodic review of the strategic plan after every five years. A response, *"as much as the company's decisions are proxied along the strategic themes of infrastructure development, network management, customer centricity, loss reduction and resource alignment, it is not all cast on stone since the company frequently scans the environment to bring new dimensions and trends within the operating environment on board"*

When asked to comment on the speed of decision making, the respondents stated that strategic redirection on critical issues within the organization took several months. This was largely attributed to the many players involved and procedures followed during the strategy formulation process. However, the company's commitment to fast track the decision making process was evident as illustrated in a response "as *a company, we are carrying out alignment of our resources both human and financial towards modernization of existing network to increasing access to electricity countrywide to ensure timely execution of programs*"

Despite the gains made through effective decisions making at Kenya Power, the study identified numerous challenges to formulating strategic decisions arising both from within and outside the organization. The challenges from within Kenya power include; most strategic decisions at Kenya power was executed by top management in consultation with few technical staff. However, the process lacked professional expertise and guidance impeding the formulation and subsequent implementation of policies. Another challenge was the bureaucratic leadership style which dictates who has the authority and responsibility to advance strategic decisions. It was also established that the strategic decision-making function in the organization involved the top, middle and partially lower level management. The top management, which needed to remain focussed in developing and supporting strategic decisions lacked focus and commitment to execute their mandate. It was noted that decision making was guided by strict policies and guidelines rendering proactive decision making difficult.

Corporate culture was also cited to harden strategic decision-making process more so with regards to new ideas. Traditional approaches to articulating problems was found to be dominant. Therefore, consultants were outsourced to tackle emerging issues despite having an experienced workforce. Additionally, political influence was found to be an impediment to strategic decision making.

As to whether the decisions made were well communicated, the study established that Kenya power has significantly improved from the initial traditional methods where mechanisms such as paper were used to convey information to use of modern communication channels such as the organizational email which are fast and effective. The organization was also found to have deployed a new versatile software referred to as the integrated customer management system (InCMS) to facilitate seamless flow of information between the company and clients with regards to discharge of services, new product offerings, expected interruptions and feedback mechanisms.

The study resorted to establish the factors that influence strategic decision making at Kenya Power. The researcher found that organizational structure was a key factor which influence decision making process at Kenya Power. Majority agreed that the hierarchical structure of the organization determine who, how and when to make strategic decisions. Policies were also found to influence decision making at the institution in that they set boundaries and limits of decision making. They further state what ought to be done to achieve organizational objectives and thus all the decisions made were confined to the existing policies.

Resources was ranked as among the factors influencing strategic decision making since the process was only possible with the availability of funds to fund the decision making processes and finance the implementation of the consequential decisions. The respondents alluded that the constrain of inadequate funds prevailed which hampered strategy implementation. A respondent stated "*sometimes the organization has noble ideas which end up in the drain due to lack of resources to see them passed as policies and subsequently Implemented".* The respondents also alluded that professional expertise largely contributed to the flop of most strategic decisions. While addressing issues skewed to that field such as engineering, specialists in the field are prevalent due to their experience and hence influence process. Other factors highlighted include vested interest, political interest and competition.

The most notable performance indicator at Kenya Power has been the last mile connectivity program which was launched in 2015. As at 2018, Kenya led its East African peers in access to electricity. The study established that phase one, two, three and four which involved connecting households located within 600 metres of an existing transformer, installation of new transformers, extension of new voltage network and increasing connections to distribution transformers had successfully been completed. Through the project, 284,200 residential households and 30,000 commercial customers have been connected, translating to approximately, 1.2 beneficiaries. The success in electricity connection has been attributed to the funding by the government of Kenya (GOK) in collaboration with the African Development Bank. This has seen Kenya ranked as the top country in the world in reducing population with no access to electricity.

Despite the plausible performance in ensuring access to electricity, the director of strategy was quoted saying that "Kenya's electrification program has not resulted to real increase in consumption of electricity beyond basic services since more effort have been skewed towards increasing supply without stimulating demand". The respondents stated that the company reported a decline in profit by 92% for the year ending 2020 due to high cost of sales, mismanagement, system losses (technical and non-technical), rapid expansion and declining revenue per customer and high operational costs. It was also established that the company had recorded declining revenues from commercial consumers who had opted for off-grid power supply solutions such as solar which due to high cost of electricity.

4.4 Discussion of the Findings

Firms have in the recent past been forced to rationalize their operations and revise their corporate strategy in response to increasing competition attributed to changes in the business environment and introduction of new competitive policies. Firms globally are facing stiff competition from other firms worldwide in this age of globalization (Ng'ang'a, Sakwa &Namusonge, 2016). As a result of intense competition and other challenges faced by businesses that reduce their profit levels, business establishments are compelled to develop strategic decisions in order to survive in the highly dynamic business environment. Based on the findings on strategic decision making and performance at Kenya Power, the below discussion is provided

The findings on stakeholder involvement in strategic decision making revealed that different stakeholders were involved in formulating strategic decisions. Although the decision-making function largely rested on the top management, other stakeholders such as the employees and customers played a role in ensuring that strategic decisions turn out to be a success. The study however established that stakeholders were involved to a little extent in design of the strategies with their involvement only coming at the pilot stages which functions against the principles of the dependency theory which advocates firms to work in close collaboration with individuals and firms from beyond their network to control either externally or internally over crucial resources in the environment coupled with uncertainty to increase their likelihood for survival by adapting to the environment (Ahuja, 2000). Validation was which is key in ensuring that the proposed measures are integrated into strategic plan was evidently ignored. The findings indicated that though Kenya power reviewed and updated their plans periodically, the review periods varied due to stakeholder influence on strategy formulation and implementation such as the ministry of energy and petroleum regulatory authority (EPRA) and independent power producers (IPP's) which gave a nod to most strategies implemented by Kenya Power. These findings are in line with the institutional theory which argues that institutions operate in a social world as one comprised of enduring practices and structures that set conditions for action. Institutions are of essence in that non-conformity with them attracts additional costs, higher risks and fewer resources that are required to support processes and activities (Lammers and Gacia, 2014).

The findings on the process of decision making at Kenya power concluded that the decisions made were largely evidenced based since the organization had adopted the business intelligence system in making decisions. Therefore, making decisions based on data enables Kenya power to make decisions that are informed and viable in the highly-business environment where customers are demanding quality services at a lower price and in the most efficient manner. The finding that the process entails thorough assessment of whether the alternative is feasible and in line with the organization's strategy and internal politics and implementable in terms of the resources required shows that other factors determine whether decisions will be implemented or dropped. These findings are in tandem with Nooraie (2012) that effective decision making involves analysing the problem through definition, coming up with alternatives, choosing the most desirable and implementation and keeping track of the decision. The results also agree with Janczak (2005), that strategic decision-making entails not just giving instructions but allocating the required resources and not being oblivious of the risks and uncertainties and putting in place measures where necessary.

From the findings, it was affirmed that strategic decision making was faced with many challenges both from within and outside the organization. The internal factors that acted as an impediment to strategic decision making include lack of technical expertise by those charged with formulating decisions, takeover of the process by the top management, bureaucratic leadership style, inadequate resources and rigid corporate culture. The factors which emanated from within the external environment include political interference, competition and economic factors among others. The study further established that the company's strategic choices was influenced by both internal and external factors such as competitors, economic factors, legal and regulatory forces as well as technology. These findings agree with Waker (2004) that inter-firm rivalry was a major threat for competing firms. The findings also concur Obado (2005) that Competition underlies the economic structures and goes beyond the current competitor's behavior.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

Findings are summarized in this chapter and the conclusions drawn explained. Furthermore, the proposed recommendation is outlined together with the limitations of the applicability of research findings. At the end of the chapter, the areas that need further research are highlighted.

5.2 Summary

The study's results can be summarized as follows.

As to who makes key strategic decisions at Kenya power, the study found that the decision-making function was mainly undertaken by the top management which constituted different directorates, managers and the board. The task also brought on board other stakeholders such as the shareholders, employees and regulatory bodies to ensure an optimal balance of competing interests.

The study established that Kenya power largely leverages on the business intelligence system in making decisions. The platforms allow the organization to collect large amounts of data, analyse the data and produce reports to aid decision making that inform business actions.

When asked to state the role of strategic leaders in aiding decision making, the respondents stated that this category of employees were charged with predicting and generating change initiatives where appropriate. It was presumed that it is the strategic leaders who understood the current state of the markets and were therefore charged with strategically positioning the company's products in the market.

The study established that different various alternatives were considered when developing strategies. It was construed that alternatives were evaluated based on careful considerations to social, economic and ecological factors that influence given outcomes. The alternatives that seemingly produced marginal or negative outcomes were dropped to leverage on the positive and impactful ones. The results further revealed that information from different groups such as stakeholders, customers, suppliers among others was evaluated to aid decision-making. The respondents emphasized that the use of information stretched beyond the consumption at company level but entailed assessing the basic characteristics of the consumers such as income levels, sizes of the household as well as to education level to in order to align the services to client expectations.

Kenya power was also found to have a clear strategy implementation framework. The respondents outlined that the strategy implementation process at the organization entails three components namely strategy description of strategy, measurement of strategy and management of strategy. As to whether the company's decisions are aligned to the strategic plan, the findings revealed that every decision in the company was made in accordance to the strategic plan. However, the strategic plan was frequently reviewed to accommodate the changes arising from both within the internal and the external environment. Regardless of the benefits realized through effective decision making at Kenya Power, the study identified numerous challenges to formulating strategic decisions arising both from within and outside the organization. The challenges from within Kenya power include but not limited to; Excessive control by top management including a few technical staff, lack of technical expertise, bureaucracy, and strict policies and regulations to guide decision making it difficult to be dynamic in decision making. Equally, political interference and vested interest was found to be an impediment to strategic decision making. As to whether the decisions made were well communicated, the study established that Kenya power has significantly improved from the initial traditional methods where mechanisms such as paper were used to convey information to use of modern communication channels such as the organizational email which are fast and effective.

The researcher found that organizational structure was a key factor which influence decision making process at Kenya Power. Majority agreed that the hierarchical structure of the organization determine who, how and when to make strategic decisions. Policies were also found to influence decision making at the institute in that they set boundaries and limits of decision making. They further state what ought to be done to achieve organizational objectives and thus all the decisions made were confined to the existing policies.

Resources was ranked as among the factors influencing strategic decision making since the process was only possible when funds were availability to fund the decision making processes and finance the implementation of the consequential decisions. The respondents alluded that the constrain of inadequate funds prevailed which hampered strategy implementation. A respondent stated "*sometimes the organization has noble ideas which end up in the drain due to lack of resources to see them passed as policies and subsequently Implemented".* The respondents also alluded that professional expertise largely contributed to the flop of most strategic decisions. While addressing issues skewed to that field such as engineering, specialists in the field are prevalent due to their experience and hence influence process. Other factors highlighted include vested interest, political interest and competition.

5.3 Conclusion

From the findings, the study derives the following conclusions. First, is evident that the decision-making function remains largely confined to the top management which has resulted to slow rate of implementation due to lack of ownership by employees. Secondly, resource constraints have been an impediment to effective formulation and implementation of strategies which has inherently forced the organization to work behind schedule and perform poorly. Thirdly, the existing corporate culture at Kenya power is rigid yet the current market environment demands dynamism as a result of changing customer expectations in-terms of seamless access to services, quality and cost.

Further, the study concludes that the speed of decision-making remains slow mainly due to long players and procedures involved in the process. Bureaucracy, where a few people charged with authorizing delayed the process, was also cited for poor speed of formulating and implementing strategic decisions. Nonetheless, the study found that communication had largely been enhanced with organization adopting effective systems of communication such as the organizational email and extensive use of social media to market products and obtain feedback.

Finally, the study concludes that strategic-decision making is faced with various challenges political interference where persons with vested political interest are constituted in the board thus influencing decisions for selfish and personal gains. The implementation of strategic plans was also faced with threats such as shift-into the off-grid system by the consumers forcing the company to amend strategies which is costly and time consuming. Last but not least, the study concludes that lack of technical expertise has often forced the company to outsource specialists who may fail to implement strategies as outlined in the plan.

5.4 Recommendation

From the discussions and conclusions, the study recommends that the decision-making process be made participative across all members of the organization to foster ownership of decisions to see success in their implementation. Adequate resources should also be allocated to decision-making function as this is critical in ensuring that decisions are made timely to prevent losses or loss of clientele. Further, the organization should distance itself from political interference by functioning independently and ensuring that the constitution of the board and other organs in the company have no political representations.

Participative decision making should be encouraged to enhance efficiency in decision-making since there will be ownership of decisions to the end. To ensure feedback, the organization should include down top communication as opposed to bottom top. Finally, the management should advocate for flexible organizational structures to encourage creativity and innovation which is key in responding to the global and dynamic environmental issues encountered by Kenya Power

5.5 Limitation of the study

The study was faced time constraints and resource constraints. The researcher had limited time to collect data in the field and hence more detailed and comprehensive data would have been availed had the time been adequate. Focus on Kenya power is also limited the scope of the study as more concrete results would have been attained had the entire energy sector been studied.

The respondents were not willing to share some information but the researcher assured them of utmost confidentiality and that the information was intended for academic purposes.

Some respondents were unavailable at the time as they were working from home thus the researcher had to be patient and wait for them or fix a different date.

5.6 Suggestions for Further Research

The research only focused on the effect of generic strategic decision making on performance at Kenya Power. Future studies should consider other contexts to generalize the findings. For more comprehensive insights and robust conclusions to be made, similar studies investigating the strategies adopted to gain competitive advantage can be done using different analytical techniques such as factor analysis, regression analysis, secondary data and the results compared and contrasted for more reliable conclusions to be made.

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APPENDICES

Appendix 1: Interview Guide

1. Who makes key strategic decisions at Kenya Power?
2. What is the process of strategic decision making at Kenya power?
3. What is the role of strategic level management in strategic decision making at Kenya Power?
4. Are strategic decisions made after evaluating all alternatives?
5. Are decisions made after getting all the necessary information?
6. Are there clear procedures for implementing proposed strategies?
7. Are decisions aligned to the strategic plan?
8. What factors influence strategic decision making in the organization
9. What are the challenges experienced in arriving at strategic decisions at Kenya Power?
10. What is the speed of strategic decision making at Kenya Power?
11. Are all the strategic decisions made are Kenya Power well communicated?
12. Does strategic decision making have an influence on performance?
13. What impact does the different steps followed in strategic decision making have on performance?
14. What is the major performance that have been achieved due to strategic decision making? explain