STRATEGY IMPLEMENTATION AT KENYA POWER & LIGHTNING COMPANY LIMITED

BY

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DECLARATIONS

This project is my original work and has not yet been submitted for a degree in any other University

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Date

This project has been submitted for examination with my approval as University Supervisor

Jackson Maalu

Date
DEDICATIONS

This project is dedicated to my wife Anne, children Mark and Veronica, my Parents, Brothers, Sisters and Sisters in law, whose wisdom and wise counsel have been the cornerstone in my quest academic excellence.
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ABSTRACT

The Public Corporations have been criticized for inefficiencies and mismanagement. They are said to contribute to many of the problems hindering economic growth such as Public sector deficits, domestic debt and misallocation of resources. In as much as public corporations are important to the Kenyan economy, little research has been done on them. Therefore, it was important to conduct a study to examine strategy implementation and its challenges in Public Corporations in particular KPLC.

The objective of the study was to examine strategy implementation and its challenges among Public Corporations with reference to KPLC. The population of interest consisted of eight employees in senior and middle level management at KPLC situated at the company’s Nairobi headquarters. The data was collected using both structured and unstructured questionnaires. The findings of this study established that Strategy implementation, no doubt appears to be the most difficult part of strategic planning process, and many strategies fail at the implementation stage. It is clear that, for an organization to successfully implement its strategy it must ensure the existence and alignment of all strategy supportive aspects of the organization. This means that for an organization to experience successful strategy implementation and achieve its targeted performance, there must be a proper alignment between strategy and the organizational skills and competences; between strategy and the budgets; between strategy and internal policies, procedures and support systems, between strategy and reward systems, and between strategy and the corporate culture. Failure to align strategy to any of the above will certainly lead to the failure of the strategy at the implementation stage. Alignment of
these strategy supportive aspects of an organization cannot, and should not be undertaken piecemeal. Kenya Power and Lightning Co. Ltd initial focus on cost cutting, and subsequently alignment of only some of the strategy supportive aspects of an organization are critical and must all be aligned with the strategy for an organization to experience successful strategy, implementation and consequential, sustainability and prosperity.

The results of the study indicate that, the Kenya Power and Lightning Co. Ltd inability to match its resources, reward systems policies, procedures and support systems with its strategic plans posed a major challenge to its strategy implementation process and, indeed, led to failure of its strategies. It is however, important to note that Kenya Power and Lightning Co. Ltd operated under restrictions like many other state corporations that were expected to emulate the private sector, and operate competitively.

Although the researcher carried out an in depth study, it was broad and dealt with various challenges that affect strategy implementation. Further research should be conducted on each challenge independently. However, this was an in-depth study on Kenya Power and Lightning Co. Ltd, which is just one corporation owned by the government. There are other government owned corporations that can be researched. A survey on the strategy implementation challenges in these corporations could be conducted in future research.
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CHAPTER ONE: INTRODUCTION

1.1 Background

Strategic management is the set of decisions and actions that result in formulation and implementation of plans designed to achieve a company's objectives. Even after the grand strategies have been determined and the long term objectives set, the strategic management process is far from complete [Pearce and Robinson 1994]. Strategic managers now move into a critical new phase of what process translating strategic thought into organizational action. This is strategy implementation stage. The environments in which organizations operate have become not only increasingly uncertain but also more tightly interconnected. This requires a threefold response from the organization. The strategic managers are therefore required to think strategically as never before, need to translate their insight into effective strategies to cope with their changed circumstances and lastly to develop rationale necessary to lay the groundwork for adopting and implementing strategies in this ever changing environment (Bryson, 1995).

According to Pearce & Robinson (1997), in order for the organizations to achieve their goals and objectives, it is necessary for them to adjust to their environment.

Strategies are critical element in organizational functioning, but whereas most organizations have good strategies, successful strategy implementation remains a major challenge. The notion of strategy implementation might seem quite straightforward; a strategy is formulated and then implemented. In the contrary, transforming strategies into action is a far more complex, difficult and challenging undertaking and therefore not as straightforward as one would assume (Aaltonen & Ikavalco, 2001). Because
implementation of strategies remains the greatest bottleneck, many organizations are not able to address their goals adequately.

Organizations today face major unpredictable changes that make strategy implementation more difficult and complex than in the past (Harvey 1988). Holman, (1999) writing on the importance of strategy implementation points out that 80% of organization directors believe that they have good strategies but only 14% believe they implement them well. Recent research (Mintzberg & Quins, 1991; David, 1997; WANG, 2000) also indicates that a considerable proportion (over 65%) of organizational strategies fail to get implemented effectively.

Proponents (Alexander, 1991; Giles 1991; Aosa 1992; Lares-Mankki, 1994; Galpin 1998; Beer & Eisenstat, 2000; Koske 2003) have revealed a number of problems in strategy implementation. These include weak management roles, lack of communication, lacking commitment to strategy, and unawareness or misunderstanding of the strategy. Other problems are unaligned organization system structures and resources, poor coordination and sharing of responsibilities, in adequate capabilities, competing activities, and uncontrollable factors in the external environment.

1.1.1 Strategy implementation as part of the strategic management process

Strategic management can be defined as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to
achieve its objectives (David 1997). According to Johnson, G. & Scholes, K. 2002), strategic management provides the overall direction to the whole organization. It is the process of specifying an organization's objectives, developing policies and plans to achieve these objectives and resources so as to implement the plans. Strategic management operates on several time scales (Hill and Jones, 2001). Short term strategies involve planning and managing for the present. Long term strategies involve preparing for and preempting the future. Understanding this dual nature of strategic management is the least understood part of the process. Pearson and Robinson (1997) claims that balancing the temporal aspects of strategic planning requires the use of the dual strategies simultaneously.

The main critical phase of strategic management process is translating the strategic plan into actions. Pearce and Robinson, (1997) argues that once strategies have been formulated they need to be implemented for the company to attain its objectives. The strategies need to be translated from high level conceptual term into a more detailed policy that can be understood at the functional areas such as marketing, research and development, Production, Human Resource, Finance and information communication and technology.

Johnson and Scholes (2002), defines strategy as the direction and scope of an organization over the long-term through its configuration of resources within a challenging environment to meet the needs of markets and fulfill stakeholder's expectations. Strategy is a general plan for the way a company can deploy its skills and
resources in order to achieve its overall goals (David 2003). According to Pearce and Robinson (1997), strategic management can be seen as a combination of strategy formulation and strategy implementation. Strategy formulation involves doing a situation analysis of both internal and external environment, setting the vision, mission and objectives of the organization and suggesting a strategic plan to achieve the set objectives. Strategy implementation involves allocating sufficient resources, establishing chains of commands and reporting structure, assigning responsibility of specific task and processes to specific individuals or groups and managing the process. Strategy formation and implementation is an ongoing never ending integrated process requiring continuous reassessment and reformation.

David (1997) stated that only 10% of formulated strategies are successfully implemented while 90% of well-formulated strategies fail at implementation stage. Ansoff and McDonnell (1990) noted that while implementing strategy is such an important activity, it is not easy. Most excellent strategies fail when attempts to implement them are made. According to Pearce and Robinson (2002), the reasons that have been advanced for the success or failure of the strategy implementation revolve around the nature of the strategy itself, the policies and support system, alignment of the strategy to the short term objective and sub strategies, the allocation of resources, the fit between structure and strategy, leadership, communication process and the organization culture.

The implementation of appropriate strategies remains one of the most difficult areas of management considerable thought, energy and resources is given over to devising a
strategic plan. Mintzberg (1994) noted that the plan, rather than the implementation comes in for scrutiny when strategy fails because it is less problematic to analyze. But the whole point of a strategy is that it will be implemented and implemented successfully. Effective implementation result when organization resources and action are tied to strategic priorities and set objectives achieved, and when key success factors are identified and performance measures and reporting are aligned (Deloite and Touche, 2003)

1.1.2 Public Corporations in Kenya

Public Corporations in Kenya are established with the expectation that; They would be a supplement and also accomplish other societal objectives not necessarily financial in nature; They would establish businesses to provide goods and services deemed necessary for development; They may engage in projects with large capital outlay, which while necessary for development are unattractive to the private sector; They may provide much needed direction, support to commercial enterprises and act as the consumers watch dog (Nyamongo, 1993)

Despite the fact that public corporations are created to ensure effective and efficient delivery of essential services, majority have been mismanaged and some have resulted to closure like the Kenya Meat Commission, the Nyayo Bus Corporation among others. In an article by Gakuru in the standard newspaper of July 8th 2003, he stated the solution to this problem afflicting our nation and the proper running of government is by improving the efficiency as defined by the private sector. According to him, the government has
reached to the private sector to acquire the ‘best and brightest’ that the sector has to offer to fix the numerous government failures. This has not begun with the Narc government and it’s by no means confined to Kenya. Other developing nations are doing the same especially due to pressure from the World Bank, International monetary fund (IMF) the European Union and other bilateral and multilateral donors.

Effective strategic management is a process of creating a productive more profitable alliance between nature and demand of business environment; the organizations culture and resource base its disposal, the way it utilizes them and the skills it uses in utilizing them. The challenge for public corporations therefore, lies in achieving this strategic fit because the business environment has become dynamic, turbulent and unpredictable.

1.1.3 The Kenya Power and Lighting Company Limited

Kenya Power and Lighting Company Limited was incorporated in 1922 as the East African Power and Lighting Company (EAP & L). It became the Kenya Power and Lighting Company Limited in 1983. The majority shareholder of Kenya Power and Lighting Company Limited is the Government of Kenya while private shareholders through the Nairobi Stock Exchange own the rest. Before a major restructuring of the power sector in 1997, Kenya power and Lighting Company Limited Managed all the country’s power generating stations on behalf of the Government. However, the power sector in Kenya was liberalized in 1997 which was the separation of the Transmission and Distribution functions from generation. The ministry of Energy is now responsible for overall policy formulation in the energy sector in Kenya, While Kenya Power and
Lighting Company owns all transmission and distribution assets. The company buys electricity from generating companies in bulk and retails it to customers. The Kenya electricity Generating Company manages all power generation facilities in the country and sells electricity in bulk to Kenya Power and Lighting limited. The sector also has Independent Power Producers (IPPs) who build, operate and own power stations, than sell power in bulk to Kenya Power and Lighting Company with whom they sign Power Purchase Agreements.

Kenya Power and Lighting Company's core values emphasize teamwork, people focus, a customer driven focus, empowerment, equal opportunity and professionalism, with a vision geared towards achieving world - class status as a quality service business enterprise. In 1995, Kenya Power and Lighting Company Limited embarked on a Reengineering process aimed at giving it a new orientation towards response to customer needs through an integrated service (Njoroge, 2003). This was in recognition of the fact that its business continued to expand, the customers have increasingly questioned the quality of service offered by this essential service provide. Customer complaints have increased while the pressure to improve the quality of service could no longer be ignored (Nganga, 2004).

This was therefore followed by the restructuring of Kenya Power & Lighting Company in 2001 with the assistance of a Management consultant, Messers. Price Waterhouse Coopers, which laid greater emphasis on Kenya Power & Lighting Company's business processes, with the aim of achieving greater efficiency in-service delivery to its
customers. The company focused on the goal of developing and implanting a customer focused connection policy aimed at reducing electricity power access costs, and accelerating connections to new customers, and hence improving sales and profitability. To further help Kenya Power & Lighting Company achieve the above objectives, and under the “Energy Sector Recovery Project”, the Company is undertaking an extensive distributing system upgrade and reinforcement at an estimated cost of US$ 153 million, commenced in January 2006. This is expected to greatly reduce power interruptions experienced by Kenya Power & Lighting Company customers by creating redundancy and spare capacity within the distribution network.

1.2 Statement of the Problem

Organizations in Kenya operate under increasingly competitive and an ever changing environment. In order to survive and deliver services effectively, they require engaging in effective strategic management process. According to Kiruthi, (2001), 'all organization must grapple with the challenges of the changing environment in which they operate. Public corporations have been criticized for inefficiency and mismanagement. They are said to contribute to too many of the problems hindering economic growth such as public sector deficits, domestic and foreign borrowing and misallocation of resources. They are characterized by widespread misuse of funds due to lack of proper internal management and control. Some of this criticism are supported by studies carried out [Aharoni, 1986; Berg 1981, Jones and Moran 1982; Neils, 1986, Shirley 1983). Specific problems associated with public corporations include; poor economic performance, overstaffing,
overvalued assets, high debt ratios causing constant drain on the national treasury and non responsive top management who are unable to take advantage of changing domestic and international commercial opportunities. Portions of the public sector have either been privatized or commercialized.

Strategy implementation involves translating the strategic plan into action. In view of the government involvement in their operations and competitive environment in which they operate in. The government controls decisions made by all Public Corporations. This hinders the ability of the Public Corporations to adapt to the changes in the market. This study will address how KPLC implements not only its corporate strategies, but also government policies, which are bound to change every Five years when a new government is elected into office.

Strategy implementation and its challenges has attracted wide attention, (eg: Aosa, 1992; Awino, 2001; Koske, 2003; Musyoki, 2003; Muthuiya, 2004; Machuki, 2005; Ochanda, 2005 among others). However strategy implementation in Public Co operations in particular KPLC has not received the same attention as other organizations. A significant gap of knowledge on KPLC’s strategy implementation therefore exists which this study aims to bridge.

This study therefore will seek to explore the strategy implementation and its challenges in Public Corporations using KPLC as a case study. More specifically the study will seek to answer the following questions;
I. What key challenges does KPLC face in implementing its strategies?

How does KPLC implement its corporate strategies?

1.3 Research Objectives

The objective of this study was to examine the strategy implementation and its challenges among Public Corporations with reference to KPLC.

The specific objectives were:

i. To establish how KPLC implemented its strategies spelt out in its master plan.

ii. To identify key challenges encountered by KPLC in implementing its corporate strategy.

1.4 Importance of the study

The findings from this study may go towards filling an existing information gap on strategy implementation and its challenges in Public Corporations. More specifically it is envisaged that the study will;

This study will provide KPLC with vital information to enable her design appropriate methods geared towards improvement in their strategy implementation. The findings may also be used to grow and expand the KPLC in all areas of the country.

It will also help the government make recommendations on how to successfully implement strategies among Public Corporations.
The study will provide information to future scholars and researchers who might need to research on strategy implementation in Public corporations. It may also provide a basis upon which other related studies can be done.
2.1 The Concept of Strategy

Strategy is a much used and abused word, and means different things to different people and organizations. Like many other concepts in the field of management, there is no agreed all embracing definition of strategy. Indeed, strategy is an elusive and somewhat abstract concept. This must be expected when dealing with an area that is constantly developing (Grant, 2000).

There are different definitions by different authors. For instance, strategy is the set of discussions and actions resulting in formulation, and implementation of strategic designs to achieve the objectives of an organization (Pearce and Robinson, 2002). Strategy is the direction and scope of an organization over the long term, which achieves advantage for the organization through its configuration of resources within a changing environment and to fulfill stakeholders' expectations (Johnson & Scholes, 2003); Ansoff (1968) defined strategy as the product/market scope, in these words, “Strategic discussions are primarily concerned with external rather than internal problems of the firm and specifically with the selection of the product mix that the firm will produce and the markets to which it will sell (Grant, 2000); and Chandler (1962) defined strategy as the determination of the basic long term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.
Johnson and Scholes (2002) defines strategy as the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations. Its about where the business is trying to get to in the long term, which activities and market it will be involved in and what resources it needs to achieve the expected goals.

Mintzberg (1994) pointed out that people use strategy in several different ways, the most common being these four; strategy is a plan, a means of getting from here to there. Strategy is a pattern in actions over time; for example, a company that regularly markets very expensive products is using a high end strategy. Strategy is position; that is, it reflects decisions to offer particular products or services in particular markets. Strategy is perspective, that is, vision and direction.

Jauch and Gluek (1998) view strategy as the framework of choices that helps an organization to respond appropriately to the environmental requirements to achieve success. Strategy is not an obstruction. It indeed requires conscious efforts to achieve it. Strategy does not just happen, it is caused. Wheelen and Hunger (1989) noted that strategy looks at the entire firm and specifies the firm’s overall approach to achieving its mission and objectives.
The history of strategic management, as a discipline could be traced to the 1950s and 60s. Although there were numerous early contributors to the literature, the influential pioneers were Alfred Chandler, Phillip Selznick, Igor Ansoff and Peter Drunker.

Chandler (1962) recognized the importance of coordinating the various aspects of management under one all-encompassing strategy. Prior to this time the various functions of management were separate with little overall coordination or strategy. Interactions between functions or between departments were typically handled by a boundary position, that is, there were one or two managers that relayed information back and forth between two departments. Chandler also stressed the importance of taking a long term perspective. In his groundbreaking work, "strategy and structure", Chandler showed that a long term coordinated strategy was necessary to give a company structure, direction, and focus. He says it concisely that "structure follows strategy". However, today it is recognized that Chandler's statement is only half the story; strategy also follows structure.

The idea of matching the organization's internal factors with external environmental circumstances was introduced. This core idea was developed into what we now call strengths, weaknesses, opportunities and threats at the Harvard Business School General Management Group. Strengths and weaknesses of the firm are assessed in light of the opportunities and threats from the business environment.
Ansoff (1962) built on Chandler’s work by adding a range of strategic concepts and inventing a whole new vocabulary. He developed a strategy grid that compared market penetration strategies, product development strategies, market development strategies and horizontal and vertical integration and diversification strategies. He felt that management could use these strategies to systematically prepare for future opportunities and challenges. In his classic work “Corporate strategy”, he developed the “gap analysis” which is still in use today. He suggests that one must understand the gap between where he is currently and where he would like to be, and then develop what he called “gap reducing actions”.

Drucker (1954) was a prolific strategy theorist, author of dozens of management books, with a career spanning five decades. His contributions to strategic management were many. However, two are most important. Firstly, he stressed the importance of objectives. An organization without clear objectives is like a ship without a rudder. As early as 1954, he was developing a theory of management based on objectives. This evolved into his theory of management by objectives (MBO). According to Drucker, the procedure of setting objectives and monitoring your progress towards them should permeate the entire organization, top to bottom. His other seminal contribution was in predicting the importance of what today we call intellectual capital. He predicted the rise of what he called the “knowledge worker” and explained the consequences of this for management. He said that knowledge work is nonhierarchical. Work would be carried out in terms with the person most knowledgeable in the task at hand being the temporary leader.
Chaffe (1985) summarized what he thought were the main elements of strategic management theory by the 1970. To him strategic management involves adapting the organization to its business environment. He stated that strategic management is fluid and complex. Change creates novel combinations of circumstances requiring unstructured non-repetitive responses. Strategic management involves both strategy formation (he called it content) and also strategy implementation (he called it process). Strategic management is partially planned and partially unplanned. Strategic management is done at several levels: overall corporate strategy, and individual business strategies. Strategic management involves both conceptual and analytical thought processes.

Strategic management can be defined as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives (David 1997). According to Johnson & Scholes, (2002) strategic management provides the overall direction to the whole organization. It is the process of specifying an organization’s objectives, developing policies and plans to achieve these objectives and allocating resources so as to implement the plans. Johnson and Scholes (2002) stated that it is the highest level of managerial activity, usually performed by the company’s executive management team. It includes understanding the strategic position of an organization, making strategic choices for the future and turning the strategies into action. According to Ansoff and McDonnell (1990) strategic management is concerned with establishing objectives and goals of the organization while maintaining a set of relationships between the organization and the environment which enables it to pursue its
objectives consistent with the organizational capabilities and continue to be responsible to the environmental demands.

Strategic management operates on several time scales (Hill and Jones, 2001). Short term strategies involve planning and managing for the present. Long term strategies involve preparing for and preempting the future. Understanding this dual nature of strategic management is the least understood part of the process. Pearson and Robinson (1997) claims that balancing the temporal aspects of strategic planning requires the use of the dual strategies simultaneously.

Strategies exist at several levels in any organization – ranging from the overall business (or of group businesses) through to individuals working in it. It includes corporate strategy, Business Unit strategy and Operational strategy. According to Andrew (1980) corporate strategy is the highest in the sense that it is the broadest, applying to all parts of the firm. It gives direction to corporate values, corporate culture, corporate goals and corporate missions. Under this broad corporate strategy there are functional or business unit strategies and the operational strategies. An organization's strategy must be appropriate for its resources, circumstances and objectives. According to Steiner (1979) the process involves matching the company's strategic advantages to the business environment the organization faces ad integrating the organization's goals, policies and action sequences (tactics) into a cohesive whole.
2.3 Strategy implementation

Hofer (1984) consider strategic management as a process which deals with fundamental organizational renewal and growth with development of strategies, structures and systems necessary to effectively manage the strategy formulation and implementation processes. Harrison and St. Johns (1998) on the other hand define strategic management as a process through which organizations analyze and learn their internal and external environments, establish strategic direction, create strategies and execute these strategies.

Strategy implementation is one of the components of strategic management and refers to a set of decisions and actions that result in the formulation and implementation of long term plans design to achieve organizational objectives (Pearce & Robinson 2003). Its purpose is to complete the transition from strategic planning to strategic management by incorporating adopted strategies throughout the relevant system (Bryson, 1995).

Strategic management by itself is a process. Robins & Coulter (2002), defines it as 'the process that encompasses strategic planning, implementation and evaluation. In their view, strategic management process is a way of considering, deciding, and realizing already formulated strategies. Strategy implementation, on the other hand, is concerned with both planning on how the choice of the strategy can be put into effect, and managing the changes required (Wang, 2000).
Successful strategy implementation depends in part on the organization’s structure. Further, the strategic plan has to be institutionalized, or incorporated into a system of values, norms, that will help shape employee behaviour, making it easier to reach strategic goals. Strategy must also be operationalized or translated into specific policies, procedures and rules that will guide planning and decision making by managers and employees (Stoner et al, 2001). Thus an organization would have to build an organization capability of carrying out the strategic plan; develop strategy supportive budgets, and programmes; instill a strong organizational commitment both to organizational objectives and the chosen strategy; link the motivation and reward structure directly to achieving the targeted results; create an organization, culture and a working environment that is in line with strategy; install policies and procedures that facilitate strategy implementation; develop an information and reporting systems to track progress and monitor performance; and exert the internal leadership needed to drive implementation forward and to keep improving on how the strategy is being executed (Thompson & Strickland, 1993). Factors such as culture, organizational structure, and aspects of operational execution are vital to success of strategy implementation.

A brilliant strategy that can’t be implemented creates no real value. Effective implementation begins during strategy formulation when questions of “how to do it?” should be considered in parallel with “what to do?”. Effective implementation results when organization, resources and actions are tied to strategic priorities, and when key success factors are identified and performance measures and reporting are aligned (Deloitte and Touche, 2003).
Management issues to strategy implementation include establishing annual objectives, devising policies, allocating resources, altering in existing organization structure. Restructuring and engineering, revising reward and incentives plans, minimizing resistance to change, matching managers with strategies, developing a strategy supportive culture, developing an effective human resource function, and if necessary, downsizing (David, 2003).

According to Aosa (1992), once strategies have been developed, they need to be implemented; they are of no value unless they are effectively translated into action. However, poor implementation of an appropriate strategy may cause that strategy to fail (Kiruthi, 2001). An excellent implementation plan will not only cause the success of an appropriate strategy, but can also rescue an inappropriate strategy (Hunger and Wheelen 1994). Strategy implementation is therefore crucial to effective management (McCarthy et al, 1996).

The implementation process of a strategy typically impacts every part of the organization structure, from the biggest organizational unit to the smallest frontline work group (Thompson and Strickland, 1998). They point that every manager has to think through the question, ‘What has to be done in my area to implement our part of strategic plan and what should I do to get these things accomplished?’ All managers therefore become strategic implementers in their areas of authority and responsibility and all employees should be involved.
Aaltone and Ikalvalko, (2001) argues that transforming strategies into action is far more complex and difficult task. Similarly David (2003), points out that it is always more difficult to do something (strategy implementation) than to say you are going to do it (strategy formulation). Implementation of strategy does not therefore automatically follow strategy formulation; it exhibits its own resistance, which can invalidate the planning efforts (Ansoff and Mcdonnel, 1990).

Clearly, the implementation of a strategy is not a straight forward process, as one would assume. Bryson (1995) asserts that the earlier steps in the strategic management process are designed to ensure as much as possible that adopted strategies and plans do not contain any major flows, but it is almost in conceivable that some important difficulties will not arise as strategies are put into practice.

Implementation of strategy calls for alteration of existing procedures and policies. In most organizations, strategy implementation requires shift in responsibility from strategists to divisional and functional managers (Kazmi, 2002). It is therefore important to ensure that there is a shift in responsibility to ensure successful implementation. The implementers of strategy should therefore be fully involved in strategy formulation so that they can own the process.

Alexander 1985 identifies inadequate planning and communication as two major obstacles to successful implementation of strategies. Thompson and Strickland (1998)
states that strategy implementation challenge is to create a series of tight fits between strategy and organizations competence, capability and structure; between strategy and budgetary allocation; between strategy and policy; between strategy and internal support system; between strategy and reward structure and between strategy and corporate culture.

However the problem of strategy implementation relate to situations or process that are unique to a particular organization even though some problems are common to all organization. The key decision makers should therefore pay regular attention to the implementation process in order to focus attention on any difficulties and on how to address them.

2.4 Challenges of strategy implementation

Once strategies have been developed they need to be implemented. Importantly unless they are successfully implemented, the organization will not obtain desired results. Successful strategy implementation involves empowering others to act on doing all the things needed to put the strategy into place and execute it proficiently (Thompson & Strickland, 1998). Bryson (1995) states that the most important outcome that leaders, managers and planners should aim from successful strategy implementation is real value added through goal achievement and increased stakeholders satisfaction.

More than ever before organizations have released that successful strategy implementation depend on various factors. Aosa (1992) observed that strategy
implementation is likely to be successful when congruence is achieved between several elements. Of particular importance includes organization structure, culture, resource allocation, system and leadership (Aosa 1992, Hunger and Wheelen 1994).

2.4.1 Structure

Organization structure influences the types of strategy used by an organization. An organization structure simply means the formal framework by which jobs tasks are divided, grouped, and coordinated (Robin and Coulter, 2002). The structure of an organization helps people pull together in their activities that promote effective strategy implementation. The structure of the organization should be compatible with the chosen strategy and if there is incongruence, adjustments will be necessary either for the structure or the strategy itself (Koske, 2003). However, Mintzberg and Quinn (1991) argue that the central problem in structuring today is not the one on which most organization designers spent their time by dividing up tasks. It is one of emphasis and coordination on how to make the whole thing to work.

The structure of a company should be consistent with the strategy being implemented. Changes in the company’s strategy bring about internal problems which require a new structure if the strategy has to be successfully implemented. The choice of company structure does make a difference in how a company performs. Not all forms of company structure are equally supportive in implementing a given strategy (Pearce & Robinson, 1991).
2.4.2 Culture

Organization culture refers to the set of important assumptions (often and stated) that members of an organization share in common (Pearce and Robinson, 2002). Robins and Coulter (2002) defines culture as a system of shared meaning and believes held by an organization members in decision making, determining how time and energy are invested in deciding which options are looked on favorably from the start and which types of people are selected to work for the organization, and in particular everything else that is done in the organization (Goodstein, et al, 1992). Culture affects not only the way managers behave within the organization but also the decision they make about the organization relationship with its environment and its strategy (McCarthy et al, 1996). According to Thompson and Strickland (1989), it's the strategy implementers' task to bring the cooperate culture into agreement with the strategy and keeps it there once a strategy is chosen. Culture can either be strength or a weakness. As a Strength, culture can facilitate communication, decision making, and control, and can create cooperation and commitment. As a weakness, culture may obstruct the smooth implementation of strategy by creating resistance to change (Pearce and Robinson, 1988). Aosa (1992) stated that it is important that the culture of an organization be compatible with the strategy being implemented because where there is incompatibility between strategy and culture, it can lead to a high organizational resistance to change and de-motivation which in turn can frustrate the strategy implementation effort. However, when culture influences the action of the employees support strategy, implementation is strengthened (Muthuiya, 2004). The managers are the ones who developed the strategic plan. It is part of their
leadership task that once strategy has been developed they bring the company’s culture into alignment with strategy and keep it there.

2.4.3 Resources

Organizations have at least four types of resources that can be used to achieve desired objectives namely financial resources, physical resources, human resources, and technological resources (David, 2003). Once a strategic option has been settled upon (in the strategic selection stage), management attention turn to evaluating the resource implication of the strategy (Campbell et al, 2002). The operating level must have the resources needed to carry out each part of the strategy plan (Harvey, 1998). It should therefore be possible to implement strategies with the resources available than implementing a strategy which requires more resources than can be made available. Too little resources will tend to stifle the ability of the company to carry out the strategic plan. Too much funding wastes company resources and it impairs its financial performance (Porter, 1985).

Budgetary allocations indicate that management is committed to the strategic plan. The project and programmes provided for in the budget should drive from the company’s strategic plan. The activities that are performed in a company to keep it running smoothly. These activities need to be carried out efficiently. They too reinforce the implementation of strategy.

According to Pearce and Robinson, (1997), one of the key support systems is information. To stay informed of how well the implementation process is going,
managers need to develop networks of contacts and sources of information, both formal and informal. Timely information helps managers to monitor implementation and take remedial actions where problems arise (Deloitte and Touche, 2003).

2.4.4 Systems

Systems means all the procedure, formal and informal, that make the organization go day by day and year by year; capital budgeting systems, training systems, cost accounting procedure and budgeting systems (Mintzberg and Quinn 1991) organizational structure specify the allocation of responsibility for specific tasks. These activities need to be carried out efficiently because they reinforce the implementation of the strategy. According to Aaltonen and Ikavalko (2001), linking organizational goals setting system is very essential in strategy implementation.

2.4.5 Leadership

Leadership is the dynamic process at work in group whereby one individual over a particular period of time, and a particular organizational context, influences the other group members to commit themselves freely to the achievement of group tasks or goals (Cole, 2002). Leadership is the force that makes things to happen.

Leaders give direction of the organization thorough vision of the whole picture of the organization. Ansoff and McDonnel (1990) notes that a strategic leader brings into play the critical managerial issues of how to achieve the targeted results in light of the organization’s situation and prospects. The top management needs to give direction in the
strategy implementation. Their motivation and commitment to the strategy greatly enhances successful implementation.

Organizational leadership is essential to effective strategy implementation. Pearce and Robinson, (1997) says that the Chief Executive Officer plays a key role in this regard. Assignment of key managers particularly within the top management team is an important factor of organizational leadership. Deciding whether to promote insiders or hire outsiders is often a central leadership issue in strategy implementation. The decision should be made carefully in a manner that will best institutionalize the new strategy.

Leadership is needed for effective implementation of strategy, as this will ensure that the organization effort is united and directed towards achievement of its goals (Pearce and Robinson, 1988). According to Koske (2003), leadership is considered to be one of the most important elements affecting organizational performance. The leadership of the organization should be at the forefront in providing vision, initiative, motivation and inspiration. The management should cultivate team spirit and act as catalyst in the whole strategy implementation process. As much as possible, the leadership of the organization should fill relevant position with qualified people committed to the change effort (Bryson, 1995). According to Hill and Jones (2001), all members of the organization need to focus their effort in the same direction. Such unity of direction is critical for successful strategy implementation. The chief executive should be at the forefront in providing leadership.
2.4.6 Policies

Policies refer to the specific guidelines, methods, procedure, rules, forms and administrative practices established to support and encourage work towards stated goals (David, 1997). Policies communicate specific guidelines to action. They also assist in controlling organizations' activities. Changes in strategy generally call for some changes in how internal activities are conducted and administered. The process of changing from old always to the new ways has to be initiated and managed. Johnson, G. & Scholes, K. (2002) notes that there may occur resistance to changes and it needs to be managed.

The role of new and revised policies is to establish standard operating procedures which will facilitate implementation of strategy and counteract any tendencies of the organization to resist or reject the chosen strategy (Johnson and Scholes, 2002). Managers need to be inventive in establishing policies that can supply vital support to a company’s strategic plan. According to Hill and Jones (2002) well connected policies help enforce strategy implementation by channeling actions, behaviour, decisions and practices in directions which promote strategy accomplishment. Policies should routinely be examined to be aligned to the current strategy.

Strategic management provides the overall direction to the whole enterprise (Johnson, G. & Scholes, K. (2002). It ensures that the organization’s strategy is appropriate for its resources, circumstances, and objectives, and to ensure also strategic advantages of the organization are matched to the business environment. The main objective of an overall
corporate strategy is to put the organization into a position that will enable it carry out its mission effectively and efficiently.

2.5 Implementation measurement and Control

Strategy implementation takes place as series of steps, programs, investments and moves that occur over an extended period of time. Special programs are undertaken. Functional areas initiate strategy-related activities. Key people are added or reassigned. Resources are mobilized. In other words, managers implement strategy by converting broad plans into concrete, incremental actions and results of specific units and individual.

According to Pearce and Robinson (1997), implementation control is the type of strategic control that must be exercised as those events unfold. Implementation control is designed to assess whether the overall strategy should be changed in light of the results associated with the actions that implement the overall strategy.

The controls are designed to meet top managements needs to track the strategy as it is being implemented, detect underlying problems, provide solutions to the problems and make necessary adjustments. These strategic controls are linked to the environmental assumptions and key operating requirements necessary for successful strategy implementation (Pearce and Robinson). Strategic controls are intended to steer the company towards long-term strategic goals.

According to Thomson and Strickland (2003), solidifying organizational commitment and putting plan into place can be achieved through motivation, incentives and rewarding
of good performance. This involves creatively using the standard reward and punishment mechanisms (salary raises, bonuses, fridge benefits, promotions, praise, recognition and constructive criticism). This aims to inspire employees and giving them a sense of ownership in the strategy and a commitment to make it work. Motivation is key to obtaining the necessary commitment from those carrying out the strategies and its related enabling plans.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The research was conducted through a case study design. The method helped the researcher get proper and in-depth understanding of strategy implementation and challenges facing the KPLC. The design was appropriate as it involved a careful and complete observation of the KPLC’s strategy implementation process. The design was valuable for an in-depth contextual analysis.

3.2 Data Collection

Primary data was used for this study. A structured interview guide was used. The guide was open ended to allow the informants give as much information as possible. Alongside the interview guide, informal discussions were also held. This enriched and gave credence to the information obtained through the interview guide. The targeted informants were top level managers and middle level managers. A total of 8 informants were interviewed. These were be the managing director or any other director, General Manager, Heads of Departments, especially Finance and accounting, Supply Chain, Human Resources, Sales, Marketing and Engineering. The above selection was arrived at because strategies are formulated at top level management who then decides what need to be implemented.
3.3 Data Analysis

Considering the kind of data intended as per the interview guide, a conceptual and qualitative content analysis was the best-suited method. Nachmias & Nachmias (1996) define content analysis as a telephone for making inferences by systematically and objectively identifying specified characteristics of messages and using the same approach to relate trends. Mbogo (2005) and Nyamweya (2005) who employed this kind of approach argued that it was useful in gaining fresh material in even what was thought to be unknown.
CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.0 Introduction

The Kenya Power and Lighting Company Ltd. (KPLC) is a limited liability company which transmits, distributes and retails electricity throughout Kenya. KPLC is a public company and is listed at the Nairobi Stock Exchange (NSE).

KPLC owns and operates the entire electricity transmission and distribution system in Kenya, and sells electricity to about 980,000 customers. The company's key operations include ensuring sufficient transmission capacity to meet demand, Planning, design, construction and maintenance of the distribution network and Customer service.

The head office is based at Stima Plaza on Kolobot Road in Nairobi’s Ngara area. The Company’s main functions are carried out under various divisions. These include Distribution and Customer Service; Energy Transmission; Information Technology & Telecommunications; Human Resources and Administration; Finance; Planning, Research and Performance Monitoring, and Company Secretary. Internal Audit; Protective Services; Transport and Stores; Supplies and Corporate Communications departments fall directly under the Managing Director's office. The Company is further divided into four administrative regions. Each region is headed by a manager. The regions are Nairobi, Coast, Mount Kenya and Western. Services offered by the divisions are replicated in each region.
Over the year KPLC has done well financially. According to the report for the financial year ended 30th June, 2009, KPLC posted a pre tax profit of Kshs 4.782B, and increase of 74.6% over last year’s profit of Kshs 2.738B

The company continues has come up with various initiatives and strategies aimed at achieving the following:-

i  Securing adequate power supply.

ii  Expanding electricity access to Kenyans, for example through the rural electrification programmes.

iii  Improving the quality of supply and service to customers.

iv  Network reinforcement.

v  Strict financial management through increased efficiencies, cutting on system losses, and adherence to strict procurement guidelines.

vi  Expansion of customer base.

Source: KPLC annual Report 2009

The study sought to establish the strategy implementation and its challenges among Public Corporations with reference to KPLC. The method of data collection was personal interviews by the aid of an interview guide, which was given to the informants in advance to enable them to recollect relevant facts. The chapter presents the analysis and findings of the study. The results are represented to highlight the convergence of ideas from the informants. Incorporated in the research findings is supplementary data provided by the informants.
4.1 Strategy Implementation

The research sought to establish the challenges that the Kenya Power and Lighting Corporation had faced in implementing any of her strategies, and what extent the challenges affected the implementation process. The informants showed keen interest in discussing both the 1996-2001 strategic plan and the 2003-2008 strategic plan.

The informants indicated that the corporation was in the mid 1990s constrained to formulate a strategic plan because the corporation was facing a downward trend accustomed by lack of rainfall. The corporation focus was therefore sustainability and prosperity. The respondent indicated that in the implementation of the strategic plan, the following measures were taken by the corporation. The employees were retrenched; non-core activities were outsourced; the corporation carried out countrywide power rationing. The focus appeared to be cost cutting. Alignment of structure, leadership, culture, budget, rewards, and motivations resource and policies, procedures and support system with the strategy was either overlooked or was beyond the capability of the organization. The respondent's confirmed that the implementation of the strategy was successful to a limited extent in that the corporation was able to sustain its remaining employees and meet its mandate albeit to a limited extent. However the corporation continued experiencing difficulties.

The informants confirmed that despite the implementation of the 1996 -2001 strategic plan; the corporation continued operating on a downward trend. Still it had not injected additional funds external funding to its operations. Therefore, still, the focus of
Implementation of the 2003-2008 strategic plan was to supply power to all rural places by 2012. This time round the corporation realigned its leadership, structure, and culture with the new strategy. The informants further confirmed that although the strategic plan was still under implementation a lot of improvement had been seen in the coordination of activities (facilitated by a flat structure) and the corporation’s general performance, the corporation however continued experiencing constraints to its strategy implementation process occasioned mainly by inadequate resources, unsupportive budgetary allocations and supportive policies, procedures and support systems. Rural electrification, therefore, was as at the time of this research yet to be realized fully. During the year under review, 748 rural electrification schemes were completed out of 1,134 schemes awarded to various contractors. The schemes were constructed at a cost of about Shs.5,248 million covering approximately 2,633 km of medium (11 and 33 kV) voltage lines, 1,207 km of low voltage lines, and 1,632 substations; and benefited approximately 31,104 new customers.

In order to establish the challenges faced by KPLC in implementation of their strategic plans, the researcher sought to confirm if all the key elements of strategy implementation were well aligned. The researcher relied on the McKinsey 7S framework, developed by Tom Peters and Robert Waterman in the early 1980’s while working at the McKinsey & Company consulting firm. The basic premise of the model is that there are seven internal aspects of an organization that need to be aligned if it is to be successful.
The McKinsey 7S framework involves seven interdependent factors that are critical to successful implementation of strategy.

The researcher noted that although the strategic plans were known in the organization, a majority of staff did not fully understand how they were going to achieve their objectives. The Company did not take the necessary steps to ensure that all key stakeholders and implementers of the fully understood the strategy.

The Company's Structure was tall, therefore bringing in unnecessary levels of authority and bureaucracy. The team was not well divided and positioned to effectively deal with strategy implementation challenges. Decision making was an issue due to the tall
structure. Communication lines also needed to be clear. These issues had not been fully addressed until KPLC embarked on implementation of the strategic plan of 2003-2008.

Systems, being a key factor in the successful implementation of strategy were not sufficient to support the strategy implementation. The researcher also noted that although there were procedures and policies in place, some of them were outdated and therefore could not support the plans. There were no strategy implementation measurement systems in place.

The Kenya Power and Lighting Company Limited, being a government corporation did not have the right values and culture for change initially. There were still elements of complacency as is in most government owned organizations. To address this, the government recruited a consultant General Manager in 2003 to try and inculcate a culture of hard work and change. However, changes to culture and shared values take time and the extent of the positive impact brought about by this change is yet to be fully realized.

The style of leadership has also adversely affected KPLC in the past. Since the Chairman and Managing Directors are appointed by the government, and therefore mostly political appointees, their allegiance is to the appointing authority and not the Company’s board. Effective leadership is therefore a challenge. Employees have tended to compete for their bosses ears and therefore goals are not met. Teams formed to achieve certain
organizational goals end up sitting in committees and at the end of the day not delivering on their mandate. KPLC has not been spared either.

The area of staff was the most affected. There were instances where critical roles were entrusted in the hands of unqualified managers. This obviously resulted in mediocre implementation of strategy. During the implementation of the strategic plan of 1996-2001, KPLC sought to establish the key staffing gaps that needed to be filled and went ahead to recruit. However, not all recruited candidates had the minimum qualifications, again due to political interference.

KPLC identified skills as critical to successful strategy implementation. To this end, the company has embarked on serious training and development for their staff. All the skills gaps noted are being addressed, to ensure that employees have the ability to achieve their objectives.

4.2 Challenges faced in Implementation of the two Strategic Plans

The researcher also sought to establish strategy implementation challenges experienced by Kenya Power and Lighting Co. Information was sought on both corporations' challenges. Consequently, information was obtained or identified institutional challenges, which were structural challenges, leadership challenges, cultural challenges, motivational challenges and policies, procedure support systems. Similarly, information was obtained on identified operational challenges. Which were tactical and operational challenges, resource allocation, management and employee involvement, operational objectives,
annual objectives, budgetary allocation and communication of responsibility and accountability.

4.2.1 Structural challenges

According to the study findings, structural changes were not considered critical during the implementation of the 1996-2001 strategic plan. The organizational structure was tall and continued being tall. The informants confirmed that this was a serious omission as the tall structure inhibited effective coordination of operational activities, and similarly, inhibited responsibility and accountability. The tall structure also enhanced bureaucracy hence slowed processes.

The significance of structural changes was realized during the implementation of the 2003-2008 strategic plan. Priority was thus given to alignment of the organizational structure to the strategy as it was realized that unless structure was supportive of the strategy intended, implementation activities would not be effective. The structure was, consequently, changed from tall bureaucratic structure to flat process oriented functional structure as indicated in Figure II. It transpired that the organization considered structure to be a major challenge to the implementation of strategic plan hence the critical need to align it to strategy.
4.2.2 Leadership challenges

Study was intended to find out whether leadership was considered an important factor to strategy implementation. According to the state cooperation act, the Chairman of state corporations is appointed by the President while the managing directors of the state corporations are appointed by the Minister in charge of the state corporations. The chairmen of the state corporations are often non-executive. Therefore, focus was on the managing director who engaged on the day to day running of the organization and worked closely with the staff.
The researcher confirmed that in the past and particularly, during the implementation of the 1996-2001 strategic plan; leadership was not considered critical to strategy implementation. Therefore leadership remained the same. He also further confirmed that leadership changed with the implementation of 2003-2008 strategic plans. This showed that the organization considered leadership important to strategy implementation.

4.2.3 Cultural challenges

According to the study findings, the informants showed that alignment of culture to the strategy was not considered important during the implementation of the 1996-2001 strategic plan. On the other hand, it was observed that the need to align culture to the strategy took center stage in the implementation of the 2003-2008 strategic plan.

The informants indicated that the culture that prevailed in the corporation was not supportive of the strategy. Both management and the staff were lethargic, and were not result oriented. Generally, complacency prevailed in the organization. The implementation of the 2003-2008 strategic plan saw drastic changes to the culture. The informants confirmed that attitudes changed and the staff recognized their responsibility, accountability and their role as process drivers. The staff became result oriented. The vicious circle of poor performance transformed to a circle of improved performance. The corporation recognized that alignment of culture to the strategy was critical to successful strategy implementation, and ultimately, improved performance.
4.2.4 Reward or motivational challenges

According to the study findings, the researcher noted that the organization realized that proper remuneration was critical to successful strategy implementation, and this had still remained a major problem to the organization. The organization's desire to improve remuneration was inhibited by both regulations and an availability of resources. According to the state corporations act, while the board of the state corporations would determine the terms and conditions of employment, implementation of such terms and conditions of employment would be effected subject to approval by the government, and still subject to availability of funds. This means that reward and motivational structures of state corporations are influenced both by the restrictions in the state of corporations Act and resources. These restrictions have put state corporations in a very awkward position in that they can hardly attract and retain highly qualified staff. The informants confirmed that Kenya Power and Lighting Co. was not an exception. Even the employees who were working for the organization most of whom had been with the organization for an average period of 20 years were not motivated.

The informants observed that this situation had posed a major obstacle to successful strategy implementation. The organization had as a result of this, always struggled to break even. The informants further confirmed that industrial harmony was maintained throughout the year. An inter-regional sports event was held in March 2008 to promote and sustain employees' social welfare & development as well as enhance corporate team spirit. In recognition of long and faithful service, the Company held an award ceremony in November 2007 during which 821 long serving employees and 708 accident free
drivers received bonuses and awards. In August 2007, the Company entered into an agreement with Housing Finance whereby employees can access mortgages at special interest rates. As at 30th June 2008, the Company had 6,668 staff serving 1,061,708 customers, giving a staff-customer ratio of 1:159. This compares with 6,399 staff serving 924,329 customers and a staff-customer ratio of 1:144 as at 30th June 2007. The Company continues to invest in its human capital through comprehensive staff training and development programmes. During the year under review, a total of 3,665 staff attended various training and staff development programmes both locally and overseas. Through these programmes, employees have been exposed to industry best practices, which have improved the skills base and enhanced productivity and quality of work. The informants finally indicated that since the implementation of performance contracts in October 2004, management employees have continued to operate under annual performance contracts. The Company has also put in place a bonus scheme to reward and encourage good performance.

4.2.5 Resource Allocation Challenges

In the past the government played a key role in subsidizing the operations of state corporations. With the decline in funding both the government and the donor agencies, and the decline in resource allocation, state corporations faced a lot of difficulties in meeting their recurrent expenditure, and mandates. The informants confirmed that Kenya Power and Lighting Co. Ltd was not an exception and had, since the mid 1990s not received sufficient new finances. The broader government policies in force inhibited the organization from accessing new finances. For instance, while foreign financers call for
government guarantee before financing states corporations, the government no longer guarantees repayment of loans advanced to state corporations. Similarly, the organization could only borrow with approval of the government, which approval was never forth coming. The aspects of resource allocation posing problems are;

**Budgetary Allocation Policies:** The informants further confirmed that Kenya Power and Lighting Co. limited like any other state corporations did not budget independently. It’s budgetary estimates had to be molded against the government’s budgetary estimates. Kenya Power and Lighting Co. limited, for instance, could not implement its budget until the government approved it. The government reserved the ultimate right of reviewing the budget, which review was more often than not downward.

While the management recognized that resource allocation was a major, or rather a critical tool to the successful implementation of the strategic plan, they indicated that scarcity of resources posed a major challenge to strategy implementation at Kenya Power and Lighting Co. limited. The aspects of resource allocation that were considered to be scarce included financial resources, technological resources and human resources. Physical resources were, however, considered to be readily available.

**Financial Resources:** It was observed that Kenya Power and Lighting Co. limited had for many years experienced insufficiency of financial resources and this has posed a major challenge to the implementation of its strategic plans. As a result of scarcity of financial resources, and particularly considering that Kenya Power and Lighting Co.
limited is a state owned Corporation, the organization was never fully able to implement its strategic plans. The visible problems were the organization’s inability to satisfy its target customers' power supply demands efficiently, the organization’s inability to supply the power to all rural areas of Kenya and inability to satisfy demand for business development services. Desired expansions had also been obstructed by lack of financial resources. This was not withstanding that the 1996-2001 and the 2003-2008 strategic plans both had objectives relating to customer satisfaction and expansion of the companies operations.

Technological Resources: the informants observed that as far as technological was concerned, the organization was struggling, and could barely meet its desired position of ensuring a computer for every key office, owning a website and having internet and intranet connectivity. The informants recognized that technological resources were crucial for strategy implementation, as sufficient technology ensured efficiency and effectiveness and fulfillment of most of the objectives stipulated in the strategic plan. The informants therefore, observed that the Company's investment in modern information communication technology systems and processes is firmly rooted in its business strategy. ICT has also enabled the Company to meet customer needs, plan on entry into new markets, and to build value into its services. During the year under review, ICT services continued to form the backbone for the Company’s core business. The ICT system supported new revenue collection initiatives and partnerships, customer creation and online monitoring of Company fleet movement, monitor illegal connection by introducing unit known as “mulika mwizi” which has special gadget that detects any
illegal connection, among others. All these are geared towards boosting company’s financial resources and efficiency in service delivery.

**Human Resource:** From the responses given by the informants interviewed it transpired that Kenya industrial estates limited considered human resource critical to strategy implementation. The organization had long serving employees with the majority of the senior employees having served the organization for over 20 years. These employees who, like the company, had experienced both the good and the bad times had been quite instrumental in the implementation of the organizations strategic plans. These employees understood the organization’s past mistakes, and had been able to steer the organization from such mistakes through both the strategy formulation and strategy implementation hence the continued existence of the organization. The informants further indicated that Company carried out an Employee Satisfaction Survey between March and April 2008 as part of its customer satisfaction and overall business enhancement strategy. The satisfaction index rose by four percent over the previous year. Management endeavours to implement recommendations made by employees as a way of continually improving the satisfaction index.

The research further established that the Company continues to invest in its human capital through comprehensive staff training and development programmes. During the year under review, a total of 3,665 staff attended various training and staff development programmes both locally and overseas. Through these programmes, employees have been
exposed to industry best practices, which have improved the skills base and enhanced productivity and quality of work.

**Physical Resource:** the informants were also asked to show whether physical resources at Kenya Power and Lighting Co. limited posed a challenge to strategy implementation. The crucial physical resource identified by all the informants confirmed was availability of space from which the company operated, had never posed a challenge to strategy implementation. The organization owned its headquarters and the only expenses it incurs in relation to the same were land rates and maintenance expenses. The organization owned premises at some of its branches. The informants confirmed that availability of office space had supported its strategic implementation efforts. Nevertheless, transport posed a major problem as the organization had an aging fleet of motor vehicles. Similarly, the financial constraints suffered by the organization could not enable it to replace its aged furniture and equipment.

4.2.6 System

The study finding revealed that policies, procedures and support systems were considered to be key to strategy implementation. The existing policies, procedures and support systems could not adequately support of strategy implementation. It was indicated that policies, procedures and support systems of Kenya Power and Lighting Co. limited had to be consistent with broader policies formulated by the government, whether this broader policies were favorable to the organization or not. These policies, procedures and support systems affected tools that were critical for successful strategy implementation. The
major aspects of the policies that posed a challenge to strategy implementation were leadership policies, reward or motivational policies, resource allocation policies and budgetary allocation policies.

4.2.7 Leadership Policies

Kenya Power and Lighting Co. limited was governed by broader government policies in the appointment of, particularly, the chairman and the chief executive of the organization. Similarly, the terms and conditions of employment of these leaders were regulated by broader government policies responsible for categorization of the state corporations.
CHAPTER FOUR: SUMMARY, DISCUSSIONS AND CONCLUSIONS

This chapter gives a summary, discussions and conclusions drawn from the study. The chapter also covers the limitations of the study, recommendations for further research, and recommendations for policy and practice.

5.1.1 Summary

The objective of the study was to examine the strategy implementation and its challenges at Kenya Power and Lighting Co. Ltd. The findings of the study indicated that for the 2 strategic planning periods, 1996-2001 and 2003-2008 the overall performance of Kenya Power and Lighting Co. Ltd was average. This was despite formulation and implementation of two successive strategic plans. It transpired that in the period 1996-2001, Kenya Power and Lighting Co. Ltd when implementing its strategic plan, retrenched its staff, out-sourced non-core activities and merge two independently operating programs. It failed to align some of the most critical strategy supportive aspects of the organization. For instance, in the implementation of this strategy plan, leadership, structure, culture, budget, and resource were not aligned with the strategy. This posed a major challenge to the success of the strategy. With unsupportive leadership, structure, culture, budget, and resources, while the organization was able to sustain its remaining staff, and meet its mandate to a limited extent it did not prosper. It continued to perform dismally.
On the other hand during the implementation the 2003-2008 strategic plan it transpired that cost cutting measures were no longer appropriate hence the organization align its leadership, structure, and culture with its strategy. Notably, still since the organization was unable to align some of the critical organizational aspects that were supportive to strategy implementation such as reward and motivational structures, policies and procedures and support systems, resources and budget, it continued performing dismally. Countrywide Rural electrification was, as at the time of this study not yet realized from the implementation of the 2003-2008 strategic plan. At both instances communication of responsibility and accountability was a problem. The organizations inability to align reward and motivational structures, policies, procedures, and support systems and budget and to communicate responsibility and accountability posed a challenge to success of its strategies. Unfortunately, most of these challenges were occasioned by the restrictive regulations and broader policies under which the organization operated. The organization therefore, lacked absolute powers to change the position for the better.

5.1.2 Discussions

Difficulties in strategy implementation are partly occasioned by obstacles or impediments to the implementation process. Kenya Power and Lighting Co. Ltd was a victim to this impediment, as it was able to build an organizational capability supportive of the strategy. Unfortunately many of the state corporations do not have absolute control over impediments. The state corporation operates under restrictions that inhibit their ability to match their competency and capabilities with the strategy. Some past studies (Awino, 2001; Koskei 2003; Muthuiya 2005; Michael 2004) observed that there has to be a tight
fit between strategy formulation and the implementation and how the organization does things. Successful strategy implementation involves creating a series of tight between strategy and the organizational skills, and competences; between strategy and the budgets; between strategy and internal policy, procedures and support systems; between strategy and reward systems and between strategy and corporate culture. The tighter the fits the more powerful the strategy execution becomes and the more likely targeted performance can be actually achieved. The Kenya Power and Lighting Co. Ltd inability to match its resources, reward systems policies, procedures and support systems with its strategic plans posed a major challenge to its strategy implementation process and, indeed, led to failure of its strategies. It is however, important to note that Kenya Power and Lighting Co. Ltd operated under restrictions like many other state corporations that were expected to emulate the private sector, and operate competitively. The prevailing situation placed the organization in a very awkward position in that it could not meet the government’s expectations as stated in the policy paper on public enterprise reform and privatization, that state corporations must operate commercially and reflect profits. It appeared for as long as the trouble ridden state corporations continued operating under the same circumstances, meaning the restrictions, and without additional ample resources, they would continue experiencing poor performance. Koskei (2003) observed that state corporations operate in a complex environment, which is more unpredictable and less stable. Their objectives are more ambiguous and less distinguishable and fluctuate in their order of priority depending on the government’s ever changing political agenda. The management does not have freedom to optimize its own performance by executing developed strategies.
5.1.3 Conclusions

Strategy implementation, no doubt appears to the most difficult part of strategic planning process, and many strategies fail at the implementation stage. It is clear that, for an organization to successfully implement its strategy it must ensure the existence and alignment of all strategy supportive aspects of the organization. This means that for an organization to experience successful strategy implementation and achieve its targeted performance, there must be tight fit between strategy and the organizational skills competences; between strategy and the budgets; between strategy and internal policies, procedures and support systems, between strategy and reward systems, and between strategy and the corporate culture. The absence of these fits, or rather any of them will certainly lead to the failure of the strategy at the implementation stage. Alignment of these strategy supportive aspects of an organization cannot, and that should not be undertaken piecemeal. For instance an organization cannot, in the implementation of its 5-years strategic plan, undertake only cost cutting in the implementation of its next 5 years strategic plan align only its leadership, culture and structure with its strategy. Kenya Power and Lighting Co. Ltd initial focus on cost cutting, and subsequently alignment of only some of the strategy supportive aspects of an organization are critical and must all be aligned with the strategy for an organization to experience successful strategy, implementation and consequential, sustainability and prosperity.
5.2 Limitations of the study

Scarcity of resources, mainly time, limited the sample size taken by the researcher. A larger sample size would have given a more representative position of the organization. Similarly, some of the current staff that joined the organization after the implementation of 1996-2001 strategy might have inadequate knowledge of the strategy.

5.3 Suggestions for Further Research.

Although the researcher carried out an in depth study, it was broad and dealt with various challenges that affect strategy implementation. Further research should be conducted on each challenge independently. Similarly, this was in-depth study on Kenya Power and Lighting Co. Ltd is one corporation owned by the government. There are other government owned corporations that can be researched. A survey on the strategy implementation challenges in these corporations could be conducted in future research.
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APPENDICES:

APPENDIX I: LETTER OF INTRODUCTION

Dear Respondent,

REF: THE STRATEGY IMPLEMENTATION AND ITS CHALLENGES IN PUBLIC CORPORATIONS: THE CASE STUDY OF KPLC

The above-mentioned research refers.

I am a student pursuing a postgraduate degree at the school of business, university of Nairobi, currently in research year. As part of the degree programme, it is prudent for me to undertake a research on ‘The Strategy Implementation and its Challenges in Public Corporations; The Case Study of KPLC’.

This is therefore to request your assistance in gathering the associated data by allowing the researcher to interview you using the attached interview guide questions. Your experience and knowledge in the KPLC Firm will assist the researcher in analyzing the successes of this Public Corporation sector.

Please be assured that the knowledge gathered shall be held in the highest level of confidentiality and for the above mentioned purposes only.

I will much appreciate it if am allowed to interview you so as to meet the deadline put by the University to finish the research writing.

Yours faithfully,

Thank you very much.

Nicholas Mulila (Researcher)
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P.O Box 30197
Nairobi.
Tel:
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University of Nairobi
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APPENDIX II: INTERVIEW GUIDE

SECTION A. DEMOGRAPHICS
1. Position/Title of interviewee
2. Department/branch
3. Length of service in the department/branch
4. Size of the department of the branch
5. Age of the department or the branch
6. Portfolio investment at the branch

SECTION B. STRATEGIC IMPLEMENTATION
1. State whether Kenya Power and Lighting Co. Limited has ever implemented its strategic plans?

2. State briefly whether strategy implementation at Kenya Power and Lighting Co. Limited has been successful. Why do you say so?

3. Did any changes take place in the organization during strategy implementation?

4. What kind of changes were these? State whether they were structural, cultural leadership, Resources, Systems or Leadership.

SECTION C. CHALLENGES OF STRATEGY IMPLEMENTATION: INSTITUTIONAL AND OPERATIONAL CHALLENGES.
1. Structural Challenges

State the organizational structure in place at KPLC

State whether Kenya Power and Lighting Co. Limited considers the above mentioned structure an important factor to strategy implementation. Why do you say so?
Is the organizational structure a problem at Kenya Power and Lighting Co. Limited? Why?

What aspects of the organizational structure are problematic, if any?

2 Cultural challenges
2.1 State whether Kenya Power and Lighting Co. Limited considers culture an important factor to strategy implementation. Why do you say so?

2.2 Is culture a problem to Kenya Power and Lighting Co. Limited? Why?

2.3 What aspects of the culture are problematic, if any?

3. Resource Allocation challenges

3.1 State whether Kenya Power and Lighting Co. Limited considers Resource allocation an important factor to strategy implementation. Why do you say so?

3.2 Is the Resource allocation a problem at Kenya Power and Lighting Co. Limited? Why?

3.3 What aspects of the Resource allocation are problematic, if any?

4. Systems

4.1 State whether Kenya Power and Lighting Co. Ltd considers systems as important factor to strategy implementation. Why do you say so?

4.2 Are the systems causing problem at Kenya Power & Lighting Co. Ltd?

4.3 What aspects of the systems are problematic if any?
5. Leadership challenges

5.1 State whether Kenya Power and Lighting Co. Limited considers leadership an important factor to strategy implementation. Why do you say so?

5.2 Is leadership a problem to Kenya Power and Lighting Co. Limited? Why?

5.3 What aspects of leadership are problematic, if any?

6. Policies Challenges

6.1 State whether Kenya Power and Lighting Co. Ltd considers policies important to strategy implementation. Why do you say so?

Do the existing policies support strategy implementation?

If the answer is NO, state why you consider the policies a problem?

What aspects of the policies are problematic?