Factors Affecting Corporate Strategy Implementation in the Electricity Sector in Kenya

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ARTICLE INFO
Article history:
Received: 20 April 2016;
Received in revised form: 22 May 2016;
Accepted: 27 May 2016;

Keywords

ABSTRACT
Demand for electricity in Kenya is currently growing at a rate higher than the growth in supply. KenGen, as a major player in the electricity sector developed a strategic plan (2008-2015) which if implemented successfully would stabilize the equation for electricity supply and demand in the country, and increase its installed capacity from 912MW to 1510MW by 2015. Implementation of this strategic plan may however dwindle, with most projects running late or stalled. By the end of 2015, KenGen is expected to realize its planned project which when installed capacity figure by nearly 50%. The objective of the study was to determine the challenges affecting implementation of corporate strategies at KenGen. The research was to determine to what extent organization culture, resource allocation, organizational preparedness and leadership affect the implementation of corporate strategy at KenGen. The study was carried out in the 5 (five) KenGen operation areas in Kenya. The target population was 22 managers and 96 chief officers across the organization. A sample size of 10% was picked using random sampling from the lot of chief officers, and another 10% was picked from the lot of managers. Questionnaires were used to collect data and analysis was done using Statistical Package for Social Sciences (SPSS version 20). Organizational culture, organization preparedness, strategic leadership, and financial resources allocation affected implementation of strategic plans at KenGen. Culturally, poor internationalization of mission and strategic content, lack of participation in making of rules and regulations, affected employees mobilization to executing strategic plans. Organizational preparedness in terms of training, recruitment and timely resource allocation affected corporate strategy implementation. Employee leadership influenced implementation of strategic plans through managerial involvement, employee support, downward communication, conflict resolution, and employee representation in key decision making. The extent to which management committed itself to strategy execution was not satisfactory. This yield employee resistance, meaning that management did not have super support from the shop-floor employees.

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1. Introduction
Strategy implementation is the process that turns plans into action assignments and ensures that such assignments are executed in a manner that accomplishes the plan’s stated objectives (Kotler, 2008). Implementation is a highly complex and interactive process. Effectiveness of strategy implementation is affected by the quality of people involved in the process (Govindarajan and Bowe, 2010 Organization Culture, A handbook of Human Resource Management Practice). Quality refers to skills, attitudes, capabilities, experiences and other characteristics of people required by a specific task or position (Peng & Litteljohn, 2001). Viseras, Baines, and Sweeney (2005) indicate that success in strategy implementation depends crucially on the human or people side of project management, and less on organization and systems related factors. Similarly, Harrington (2006) finds that a higher level in total organizational involvement during strategy implementation has positive effects on the level of implementation success, firm profits and overall firm success.

The strategic management process involves analysis of internal and external environments in order to establish direction and create strategies to achieve set business goals. Such a process includes analysis, direction setting, developing strategies, implementation and control. Strategy is regarded as a process of analyzing the past to elicit the present actions required for the future desired state Jean (2003) Strategy involves moving from a present state, through transition to a future desired state. After overall strategies are determined and long term objectives set, the task of implementation and controlling the strategy remain. This involves translating the strategic thought into strategic action. Functional strategies provide important means of communicating what must be done to implement the overall strategy. These three organizational elements provide fundamental long term means for a business strategy: structure, leadership and organization culture. Strategies entail creating a vision, communicating the strategy, empowering broad based action, generating quick wins, consolidating gains and anchoring new approaches in the
culture of an organization (Kotter, Davis and Scheiner (2000) Organization Culture and Leadership 4th Edition, San Francisco). When a strategy fails to achieve expected results it is often because the strategy execution was flawed. Failure to execute is a major concern for management because it limits organization growth and competitiveness. Those who lead organizations to success are not judged by the brilliance of their strategies, but by their ability to implement them. The challenge is normally how to close the gap between strategy and the results (Lippitt, Donald K Kombo, Delno L A, Tromp (2009) Management Task, Responsibilities & Practices, Paulines Publications Africa). Without a coherently aligned implementation, even the most superior strategy becomes useless. Unfortunately most strategic efforts fail at the implementation stage resulting in significant loss of resources already invested. In the rush to act on the strategy, too little attention is paid to finding the best implementation initiatives. Shortcuts often don’t work because while strategic plans can be copied, execution is not easy to duplicate. Many organizations end up with false starts. Delays and confusion characterize their implementation process in many occasions.

1.1 Historical background and Current Institutional Aspects in the Electricity Sector

The history of Kenya’s electricity sector can be traced back to 1922 when the East African Power and Lighting Company (EAP&L) was established through a merger of two companies. These were; the Mombasa Electric Power and Lighting Company established in 1908 by a Mombasa merchant Harrali Esmailjee Jeevanjee and Nairobi Power and Lighting Syndicate also formed in 1908 by engineer Clement Hertzel. The Kenya Power Company (KPC) was later formed in 1954 as a subsidiary of the EAP&L with the sole mandate of constructing electricity transmission lines between Nairobi and Tororo in Uganda. This infrastructure was mainly to enable Kenya import electricity from the Owen Falls Dam in Uganda. With many operations of EAP&L largely confined to Kenya, the company finally changed its name to Kenya Power and Lighting Company Limited (KPLC) in 1983. KPC was 100% government owned. Following the structural adjustments program in the 1990s, the Government of Kenya officially liberalized power generation as part of the power sector reforms in 1996. Among the first reforms to take place was the unbundling of the state utility in 1997. Kenya Electricity Generating Company Limited (KenGen) became responsible for the generation assets while KPLC assumed responsibility for all distribution and transmission. The Electricity Regulatory Board was also established under the 1997 electric power Act as the sub sector regulator. Reforms in the power sector have continued to take place especially with energy policy development of 2004 and the subsequent enactment of the energy Act of 2006 which established the Energy Regulatory Commission and the Rural Electrification Authority. The sessional paper No 4 of 2004 on energy also provides for the creation of the Geothermal Development Company (GDC) and Kenya Electricity Transmission Company (KETRACO). GDC is a special purpose vehicle for geothermal resource development and KETRACO is a state owned transmission company. The reforms in the electricity sector have seen a complete reorganization of functions hitherto concentrated in the ministry of energy and the Kenya Power and Lighting Company Limited.

This was a result of the need to place responsibilities to specific institutions that would specialize in the mandates vested in them under the Energy Act to enhance efficiency. Accordingly the institutions were unbundled into generation, transmission, distribution, oversight and policy functions. The institutional structure in the electricity sub sector in Kenya comprise the Ministry of Energy (MOE), Energy Regulatory Commission (ERC), Kenya Electricity Generating Company (KenGen), Kenya Power and Lighting Company (KPLC), the Rural Electrification Authority (REA), Kenya Electricity Transmission Company (KETRACO), Geothermal Development Company (GDC) and Independent Power Producers (IPPs).

The Kenya Electricity Generating Company (KenGen) is the main player in electricity generation, with installed capacity growing from 972MW by end of 2008 to 1,151MW currently. It is listed at the Nairobi Stock Exchange with the shareholding being 70% by the Government of Kenya and 30% by private shareholders. The Company accounts for about 75% of the installed capacity from various power generation sources that include hydropower, thermal, geothermal and wind. Independent Power Producers (IPPs) are private investors in the electricity sector who have come in to fill the growing gap between available and required power under the three Feed-in-Tariff Policy. Current players compriseIberAfrica, Tsavo, Or-power, Rabai,Imenti, and Mumias. Collectively, they account for about 25% of the country’s installed capacity from thermal, geothermal and biogases, as follows: Iber Africa (108 MW -thermal power plant), OrPower (48 MW -geothermal power plant), Tsavo74 MW- thermal power plant), Mumias (26MW -Cogeneration), Imenti (900kW - Mini-Hydro), and Rabai (90MW- Thermal power plant).

1.2 Growth in Electricity Demand and Supply in Kenya

Strong growth in electricity demand in Kenya is being driven by a combination of normal economic growth, increased efforts towards rural electrification, and reinforcement of the transmission and distribution grids by KPLC. On the supply side, drought conditions in 2006 exacerbated the problem of very low reserve margins by reducing the capability of the hydro-electric plants to produce. This put the spotlight on the high risk of over reliance on hydro-electric power plants to secure power supply to the country.

Before 2004, projections for installed capacity against peak demand ranged significantly. Currently, the reserve margin for Kenya falls just above 33%, much of it coming from the private thermal Emergency Power Projects (appendix 4). These are undesirable due to the fact that they are a comparatively expensive source of electricity and their emissions into the atmosphere are against Kyoto protocol (2005). With electricity growth of 8% and installed capacity growth dwindling, the reserve margin is likely to drop significantly to the very dangerous level of 10% by 2017. The reserve margin of electricity for a developing economy like Kenya should be 30% of installed capacity against demand. (Source: IMF, US EIA, World Bank Analysis 2007). KenGen is the primary source of generation of electricity for the country, and will continue to be the most important player in the provision of new generation capacity. The most critical set of activities is to increase supply to the grid and widen the safety margin between demand and supply.
This heavily depends on the choice and execution of the appropriate strategy to add cheap and clean energy to the grid.

1.3 Problem Statement

The Kenya vision 2030 has identified energy as a key foundation and one of the infrastructural enablers upon which the economic, social and political pillars of the overall development strategy will be built. The success in the implementation of this strategy depends on supply of adequate, reliable, clean and affordable electricity. In particular, the demand for electricity is expected to increase since it is a prime mover of the commercial sector of the economy.

As the leading provider of electric power, KenGen needs to lead the required capacity expansion in Kenya and beyond. The “burning platform” for KenGen today is to stabilize the power situation in Kenya by coming up with additional significant capacity on line over the next 5-10 years in order to move away from current “firefighting” to meet demand and create sustainable growth for Kenya. Sustainability in growing power provision for Kenya will require KenGen to triple capacity from ~1,151 to ~3,000 MW over the next six years. Whereas there exists a proposed corporate strategy for KenGen to implement projects that would cover the shortfall in electricity supply in the country, success in implementation of the strategy has been significantly dismal. In 2008, KenGen developed a strategic plan (horizon 1) which if implemented successfully was to enable the company to inject additional electric power into the national grid to reach the level of 1510MW by 2012 and 3000MW by 2018. By the end of 2012, KenGen had managed to implement 53% of the projects in the corporate strategy. Most of the planned projects faced delays, stalled mid-stream or have been abandoned. This study established challenges affecting implementation of corporate strategy at KenGen. It is intended that this will reduce the knowledge gaps that have resulted into dismal performance of the strategies being implemented.

2. Related Literature

2.1 Sequential Thinking Theory

According to Hrebiniaik (2006), suggests that implementation is not only an important and difficult process but also a complex field of research. Most often than not, it is regarded as miscellaneous, interdisciplinary and particularly concerned with the integration of management disciplines. As a practice, it greatly focuses on the performance of organizations. Based on an extensive analysis of firms exhibiting and sustaining an unusual high-performance and firms able to achieve such a state in the short run, they identified four key factors influencing high performance. These are, Direction: developing a clear strategic direction; Efficiency: establishing a fast and effective organization; Adaptability: developing an adaptive culture; and Focus: Shifting from focus on customer and cost reduction to the broad picture.

According to Hrebiniaik (2006), the people in charge of implementation need both a sequential and a simultaneous thinking. This particularly applies to key decisions. The sequential thinking defines a logical sequence or chain of causality or the relationship between consequent and interconnected events. To design this chain, a manager should decide on the event or the first action (A) to be implemented. This raises the questions of what are the effects on event (B) and alternatively what are the necessary changes in (B) to support the implementation of (A).

This implies that the relationship between event A and B must be established. After it will be necessary to discern the link between the following events until the last relationship is established (Z). Although the utility of such step–by–step analysis is relevant to the rational development of the implementation process, the underlying simplicity and narrowness of scope is not enough. Consequently, the manager will need an integrative vision of the events to infer the total or final effect in the function and structure of the organization if each event is implemented and takes place. Analysis in the implementation process should therefore be conceptually broad and not entirely focused on specific events. Of course, embedding sequential and simultaneous thinking into the decision-making process of organizations is not an easy task and in some cases, it might be impossible. In general, the complexity of problems is reduced by fragmenting them into smaller and manageable parts, often at the cost of losing the broader perspective. However, as occurs in the formulation stage, the role of managers and their individual capabilities can provide the necessary combination of specific and integrative analysis. However, an organization must be able to institutionalize key capabilities embedded in individuals in order to sustain functions over time.

2.2 Electric Implementation Theory

This theory basically suggests integrating different managerial perspectives with theoretical viewpoints. Subsequently it explains that a successful strategy implementation is a function of variables that in theory have been developed and studied separately but that in practice must be fully integrated. The integration of such variables defines the implementation process. The degree of usefulness of the process on the other hand is driven by at least six criteria. An implementation increases its value if at least it is logic, operational, economic, balanced, manageable and efficient (Jofre, 2011).

Logic is needed to enhance an implementation process within a rational framework that is meaningful to the organization. It also allows deductive construction from which we can derive further implementation activities or sequences. Logic is not entirely based on experience or instinct but also in facts and therefore allows us to develop an implementation framework that combines both theory and practice. A useful model for implementation should, in addition to logic, be expressed in terms of operational and concrete actions that are tangible and verifiable or that at least are meaningful and objective. By doing so, the model will allow us to induce greater change by identifying or solving more issues (Jofre, 2011). In this context, implementation should be economic or frugal, or in other words, capable to address a complex process with the minimum number of variables. If the model is also capable to balance theory and practice – as well as facts and assumptions – then it will allow a more accurate implementation. In this contexts model should not be a recipe of what to do but also of about the implications of doing. This regards the balance between the contingency (eventualities) and the prescription (directions) perspective, or in other words the reconciliation between theories and laws (Jofre, 2011).

One of the most difficult tasks when implementing strategies is that decision-making occurs in a context of
complexity and uncertainty. Hence, a useful implementation model should be able to make sense of complexity and uncertainty and therefore, to be manageable according to the limitations of our cognitive capabilities. Efficiency implies that decision and actions not only should deal with complexity but also with constraints or limits to available resources and capabilities. In the perspective of efficiency, at least three forms are depicted: economic, cognitive and ethical efficiency. Economic efficiency is the most known of these forms and regards the development of actions with the least financial cost as possible (Jofre, 2011).

2.3 Adaptation Theory

If a firm is capable to develop an implementation model or process taking into consideration criteria for higher usefulness, one could anticipate a higher degree of congruence between achievement and expectations. A robust implementation, or an implementation with a strong fit, should be highly congruent. In the strategy process, the principle of congruence applies not only to the desirable alignment between expectations and results, but also to the alignment of theory and practice, and of function and structure. One should not forget that after all, the strategy process originates in part from the need to align systematically the function and structure of the firm with changes in the environment. In the overall context of congruence and fit, but particularly in the perspective of implementation, two activities are of great relevance: adaptation and search (Hrebiniak, 2006).

The adaptation of organizations to changes in its environments has been the focus of extensive literature during the last decades. From the perspective of strategic management such research broadly focuses on the creation of strategies for efficient adaptation and the reasons why some firms evolve to perform better than others do. Porter (2003) for example explains these issues from the point of view of advantageous positioning in markets (competition), while other views emphasize the role of developing specific capabilities (differentiation) as a more effective adaptation mechanism.

In general terms, the search in organization is believed to be influenced or driven by few factors (Jofre, 2011). Literature suggests that commonly, a search will be focused on the areas of the firm with a relatively high competitive advantage or on those more competitive resources and capabilities. Conversely, resources that are keys for performance will drive the search towards the ways to enhance their effect over competitive advantage (Hrebiniak, 2006).

2.4 Model for strategic planning

Model shows the stages that are seen as necessary or at least desirable in the development of business strategies in strategic planning. According to Kotler (2010) as explained in the above figure, organizations define their mission; SWOT analysis is done where both internal and external factors are analyzed, goals formulated then strategies developed. The managers then formulate programs which are implemented and later feedback given.

Figure 2.1. Kotler’s strategic planning process model

Source. (Kotler, 2009)

2.5. Conceptual Framework

The conceptual framework shows the relationship between independent variables and dependent variable. The independent variables are: organization culture, resource allocation, leadership and organization preparedness. The dependent variable is implementation of corporate strategy.

Fig 2.2. Conceptual Framework

2.5.1 Organizational Culture

Culture is a set of important assumptions that members of an organization share in common. These shared assumptions set a pattern for activities, opinions and actions within the firm. Culture is a strength that could also be a weakness. It is strength when it eases communication, facilitates decision making and generates high levels of cooperation and commitment in the organization. It becomes a weakness when important shared beliefs and values interfere with the needs of the business. A strong organization belief system therefore defines appropriate actions that are consistent with the strategy and hence becomes a driving force in the implementation of a strategy (Davis and Schein, 2002). Leadership has been described as the single most influential ingredient in creating a high performance culture. Gordon (2001) argues that organizations develop cultures because they are made up of and led by people. When the leadership fails to evolve and align culture with the business, the organization will evolve a culture by default. Such a culture may not align itself with
the business strategy and will only attain mediocre performance.

The culture within an organization is very important, playing a large role in whether it is a happy and healthy environment in which to work. In communicating and promoting the organizational ethos to employees, their acknowledgement and acceptance of it can influence their work behavior and attitudes. When the interaction between the leadership and employees is good, the latter will make a greater contribution to team communication and collaboration, and will also be encouraged to accomplish the mission and objectives assigned by the organization, thereby enhancing job satisfaction. Because organizational culture reflects the values, beliefs and behavioral norms that are used by employees in an organization to give meaning to the situations that they encounter, it can influence the attitudes and behavior of the staff (Mayo, 2003).

Some scholars who have studied organizational culture feel that organizational culture is complex. It will influence employee attitudes and behavior differently. Roodt (2008) discovered a correlation between employee performance, knowledge sharing, organizational commitment, job satisfaction and organizational culture. Gifford et al (2006) argued that organizational culture is also related to employee efficiency, organization's innovative ability, employee effectiveness (e.g. Higher levels of goal orientation, self control). Kane-Urrabazo (2004) believed that a satisfactory work environment can be created by the employees when an organization possesses a healthy culture. The competitive advantage of an organization is attained through strong Association and establishment of culture. The organization culture helps in measuring limitation to overcome performance measurement (Rousseau, 1990). The limitations shows that culture and employee performance shows negative correlation as employee performance is badly affected by it.

The methodologies and findings of researches shows that culture and performance were considered interrelated (Lim, 2002) The job performance of any organization has a strong impact of strong organization culture as it leads to enhance productivity. Every business has a culture – some are inspiring and healthy, others are crippling and toxic. The level of an organization efficiency and wellness is a direct reflection of its culture. Unhealthy cultures tend to devalue creativity, stifle innovation and leave workers feeling miserable and frustrated. Managers tend to create these cultures by discouraging new ideas, frowning on change and stymieing enthusiasm. The undesirable outcome is major disengagement that sucks the life out of the organization and its people.

### 2.5.2 Organizational Resource Allocation

Resource allocation is the deployment of an organization’s resources in the most efficient way possible. Resources may include finance, inventory, human skills, production resources or information technology. The principle of resource allocation is to invest in resources as stored capabilities that can be unleashed as demanded.

The managers of organizations continually face the task of allocating resources by balancing costs, benefits, risks and gaining commitment by a wide constituency of stakeholders to decisions made. This task is complex and difficult because many options exist, and benefits and risks are rarely expressed as single objectives. There is hardly an organization which does not launch more projects than it can master with available resources (Clark and Wheelwright, 2003).

Makadok (2001) states that the need to allocate resources to projects is dependent upon whether or not the project is contributing to the overall achievement of the organization and whether the project's performance is having a negative impact on other projects. Implementation of a strategy is highly dependent on resource allocation to the different portfolios identified. Funds need to be allocated appropriately in order to effectively implement the strategy (Boyle, 2007). Strategy is formulated at the top, but implemented from the bottom.

Alignment of competent staff within the organization is therefore required in order to successfully execute the strategy. Rosner, (2009) believes that training of staff is a great investment for an organization and at the same time may be a waste of money when the desired behavior doesn’t occur. However, not all performance problems can be addressed by training. In many occasions non-training interventions (e.g. benchmarking tours) are necessary for exposure. Purcell (2005) believes that there are four challenges managers face in resource management. One, benefits are typically characterized by multiple objectives which often conflict. Two, when decision makers are presented with many opportunities, they cannot know the details of each one sufficiently well to make informed decisions. Three, many people are usually involved. Some provide expert judgment and advice to the decision maker, but that assistance inevitably reveals fundamental conflicts which possibly create competition (Bana et al, 2002). Four, implementation by those who disagree with the resource allocation can easily lead to the formation of small teams of people surreptitiously working on non-approved projects in which they are heavily invested personally. Resource management requires an approach that enables construction of portfolio of investments across different areas such that the “collections” best use is made of the limited total resource; to consult the right people in a structured way so that their multiple perspectives can be brought to bear on the issues; and to engage key players to ensure their alignment to the way forward, while preserving their individual differences of approach. This is easily accomplished by blending technical solutions that capture the differing perspectives with social process that engages those concerned.

### 2.5.3 Organizational preparedness

According to Okumus (2001), organizational preparedness in strategy implementation includes operational planning, resource allocation, people, communication, control and feedback. The various processes have an impact on each other in one way or the other. For instance, the process of project initiation and operational planning of the implementation activities affect communication, the resource allocation, and the provision of training and incentives. Resource allocation refers to the process of ensuring that all necessary time, financial resources, skills and knowledge are made available. The recruitment of appropriate staff for a new strategy implementation is a crucial consideration and this relates to appropriate training of managers in this regard and the provision of incentives that relate to strategy implementation. Okumus (2001), places emphasis on the need to use clear multiple modes of communication (top-down, bottom-up, lateral, formal informal, internal, external, one time and continuous communication) to communicate the new
strategy within and outside the organization. The efforts and results of the implementation are to be monitored and compared against predetermined objectives. The operational plans and communication are regarded as key to monitoring the process (Okumus, 2001).

According to Okumus (2001), strategy implementation as a process that occurs in a strategic context, while the strategic content is seen as the strategic direction of the company and believes it will assist with examination and evaluation of complex implementation cases. Strategic preparedness is the act of formulating, implementing and assessing cross-functional choices that enable an organization to realize its goals in the strategy implementation. In this regard, strategic preparedness therefore, emphasizes on interpretation of management, finance, marketing, accounting, productions, operations, research and development and computer information systems to achieve organizational success (Kotler and Keller, 2012).

Kruger and Mama (2012) directed that strategypreparedness comprises developing a business system, recognizing an organization’s external prospects and threats, defining internal weaknesses and strengths, establishing long term goals, alongside generating alternative strategies and choosing specific strategies for pursuance

2.5.4 Organizational Leadership

Whenever there is an organized assembly of people working towards common goals, some type of leadership becomes essential. Although the concerns for leadership are as old as history, it has become more acute during the last few decades due to complexities of production methods, high degree of specialization and societal changes in the present organizations. An essential part of process management is coordinating activities of people and guiding their efforts towards the goals and objectives of the organization. Leadership is a relationship through which one person influences the behavior or actions of other people. Kotter (2009) argued that leadership is about coping with change. Part of the reason leadership has become important is that the business world has become more competitive and more volatile. Major changes are more necessary to survive and compete effectively. Ansoff and McDonnell (2006) characterize organization leadership as a general management capability. They define management capability as the propensity and ability to engage in behavior which optimizes attainment of the organizations short and long term objectives.

In Tanzania, direct state involvement in the electricity sector is exercised in setting prices, deciding on investment programmes, rural electrification and bailing out the loss making utility, TANESCO. The use of subsidies to hold prices below cost tends to reduce the incentive for managers to provide the necessary leadership, for they know the resulting commercial losses will be paid for by the government (Bhagavan, 1999). In Malawi, ESCOM is legally empowered to generate, transmit and distribute electrical supplies in the country. But its efficiency is affected by government’s tendency to over-regulate tariff and other operational matters. The leadership at ESCOM is often slowed down by delays in approval of investment decisions. The government’s stance is a direct reflection of its desire to meet socio-economic objectives, yet ESCOM is expected to meet all its financial obligations from electricity revenues as a commercial parastatal (Bhagavan, 2004). In Zimbabwe, the operations in the electricity sector are controlled by ZESA. The state intervenes, notably on issues of pricing, approval of expenditure and capital projects, procurement, rural electrification and staffing. Leadership in the electricity sector requires constant consultation with governments and dealing with such issues as lack of funding, opposition from forces in the community, and interpersonal problems within the organization. Social, economic, and political forces in the larger world can affect the organization as well. To some extent, the measure of any leader is how well he can deal with the constant succession of crises and minor annoyances that threaten the mission of an organization Burns, (2005). If a leader is able to solve problems, take advantage of opportunities, and resolve conflict with an air of calm and a minimum of fuss, most of the issues arising will hardly be noticeable to anyone else. If a leader doesn’t handle challenges well, the organization probably won’t, either. When people feel that their leader is stressed or unsure, they themselves become Stressed or unsure as well, and the emphasis of the group moves from its mission to a worrisome situation. The work of the organization suffers. Leadership makes great demands on people. As a leader of an organization, one is responsible for the group’s vision and mission, for upholding a standard, often for being the group’s representative to the rest of the world and its protector as well. These responsibilities might be shared, but in most organizations, one person takes the largest Part of the burden. In addition to its responsibilities, leadership brings such challenges as motivating people and keeping them from stagnating when they’re doing well. Regardless of the situation, it’s important for leaders to do something. Waiting is occasionally the right strategy, but even when it is, it makes a group nervous to see its leader apparently not exercising some control.

At the beginning of his term, in depths of the depression, Franklin Roosevelt created government agencies and programmes, took steps to control the economy, and generally looked like he was in charge. Not everything he tried worked, but the overall – and accurate – impression people got was that he was trying to control an awful situation, and they took comfort from that. Roosevelt continued to be proactive, and history has largely proven the wisdom and effectiveness of his strategy (Mahwah, NJ: Paulist Press, 2002)

2.6 Empirical Review

Some previous studies have assessed the challenges that affect implementation of business strategies. Mogaka (2008) investigated challenges facing implementation of management plans in the water sector (i.e. At Nairobi Water and Sewerage Company). Wachira (2009) dealt with factors affecting implementation of development plans in public schools in Kiambu. Narua (2011) extended this study and considered challenges influencing implementation of strategic plans in SACCO’s in Imenti North. This was an extension of these three studies but considered challenges affecting implementation of corporate strategies in the electricity sector. Mitullah (2007) conducted a research on revenue sources in Nairobi city council. She was able to found out that sources of revenue such as Neon signs, Bill boards, advertisements, plans, Approvals, Public Health, Single business permit, Displays, Rates and Rents can generate enough revenue; she also found out that political interference is contributing 60% of revenue miss-management. She recommended that financial management can make city
The council of Nairobi self-sustaining even without LATF. Munger (2005) conducted research on challenge facing the implementation of strategies adopted for provision of quality services in local authorities. He found out that interference from civil leaders and members of parliament is a serious factor affecting provision of quality services and revenue collection management. Mwangi (2008) conducted a study on factors influencing local authority tax compliance. He noted that under reporting and under payment is the most prevalent form of tax non-compliance. Tax procedures are complex citing multi-stages approvals, bureaucracy and red-tape in administrative, which creates room for corruption. He also recommended Discount rates for early payments and consideration of tax amnesty for those that have not been compliant so as to bring more of them into the Tax network.

Anassi (2004) conducted a study on corruption on local authorities. He found out that corruption in local authorities has reached unprecedented level and that it is at the local authorities that it is at the local Authorities that nepotism, tribalism, are manifested. He also found out that corruption has undermined efforts to make these institutions democratically governable and effective. Kingoina (2007) conducted a study on management of strategic change practices on performance contract and rapid results in company. He found out that performance contract together with Rapid Results is increasingly seen by the employees as a critical means of managing the company.

### Table 4.3. Respondents' scores on Culture Effect on Corporate Strategy.

<table>
<thead>
<tr>
<th>Culture Effect</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kengen culture easily identified with</td>
<td>4.02</td>
<td>0.139</td>
</tr>
<tr>
<td>Kengen culture discourages innovation and creativity</td>
<td>2.37</td>
<td>1.085</td>
</tr>
<tr>
<td>Lack of compatibility between strategy and culture</td>
<td>2.56</td>
<td>0.669</td>
</tr>
<tr>
<td>Kengen leadership committed to core values</td>
<td>3.5</td>
<td>1.276</td>
</tr>
<tr>
<td>Culture not competitive environment</td>
<td>3.04</td>
<td>1.171</td>
</tr>
<tr>
<td>Implementation encounter resistance</td>
<td>3.40</td>
<td>1.053</td>
</tr>
<tr>
<td>Employee see changes as threat</td>
<td>3.10</td>
<td>0.891</td>
</tr>
<tr>
<td>Average</td>
<td>3.14</td>
<td>0.897</td>
</tr>
</tbody>
</table>

The results in Table 4.3 reveal that mean score for the seven statements used to measure culture effect of corporate strategy implementation was between 2.57 to 4.02 (to a large extent). Kengen culture easily identified with had the highest mean score (mean score = 4.02) this means the respondents to a large extent agree that the KenGen culture positively affect the implementation of corporate strategy. The respondents to a large extent disagreed with the notion that Kengen culture discourages innovation and creativity with the lowest mean. (Mean score = 2.37). This means that the top management embraces Organization culture as an important element of implementing corporate strategy.

### Resource Allocation Effect on Corporate Strategy Implementation

The researcher sought the views of the respondents on what extend their firm, KenGen, resourcefully allocated funds towards the implementation of the corporate strategy. The findings were presented in Table 4.4.

<table>
<thead>
<tr>
<th>Resource Allocation Effect</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kengen Allocates resources fairly</td>
<td>3.13</td>
<td>1.284</td>
</tr>
<tr>
<td>Kengen allocates adequate resources</td>
<td>2.29</td>
<td>0.637</td>
</tr>
<tr>
<td>Kengen has staff skills devt. Plan</td>
<td>3.79</td>
<td>0.637</td>
</tr>
<tr>
<td>Adequate training to staff</td>
<td>3.10</td>
<td>1.142</td>
</tr>
<tr>
<td>Level of staff skill affect implementation strategy</td>
<td>4.35</td>
<td>0.480</td>
</tr>
<tr>
<td>Strategy implementation inadequate experience</td>
<td>2.65</td>
<td>0.814</td>
</tr>
<tr>
<td>Average</td>
<td>3.21</td>
<td>0.832</td>
</tr>
</tbody>
</table>

The findings from the study tabulated in Table 4.4 established that Level of staff skills had the highest effect on resource allocation towards corporate strategy implementation (Mean score = 4.35). Respondent disagree to a large extend that Kengen allocated resources adequately, (mean score = 2.29). Extent of Organization Preparedness towards Corporate Strategy Implementation

The respondents were required to give their views on the extent to which organization preparedness affects corporate strategy implementation in the Firm. The findings were as follows in Table 4.5.
The result in Table 4.5 shows the mean scores ranging from 2.38 to 3.06 (to a large extent). The respondents disagreed with the notion that the organization had enough resources to implement strategies in place (mean score = 3.27). The respondents strongly disagreed that the recruitment exercise was competitive enough (mean score = 2.38).

The overall perception of the respondents was that the organization was not yet prepared and this is depicted by the mean score of 2.9. The organization should therefore improve its tactics towards preparedness when implementing a strategy.

**Extend of Leadership Effect on Corporate Strategy Implementation**

The respondents had been asked to indicate to scale, of one to ten, the extent to which their organization implemented corporate strategy. One being the lowest to scale and ten being the highest to scale. This is shown in the Fig 4.3.

**Opinion Why Kengen Projects implementation delay or get Abandoned**

The respondents had been asked to indicate on why some projects lag behind or get abandoned are shown above and range from 11 to 17. This is variably a small range for the sample used in this study. The highest opinion was that leadership effect accounted for the lagging behind or delay of strategy implementation (33%). The smallest portion was that of organization preparedness with a 21%.

This means that all the above opinions are proportionally the same and have an impact to project delay or being abandoned.

**Kengen Corporate Strategy Implementation to Scale**

The respondents’ opinions on why some projects lag behind or get abandoned are shown above and range from 11 to 17. This is variably a small range for the sample used in this study. The highest opinion was that leadership effect accounted for the lagging behind or delay of strategy implementation (33%). The smallest portion was that of organization preparedness with a 21%.

This means that all the above opinions are proportionally the same and have an impact to project delay or being abandoned.

**Correlation Model**

The researcher sought to determine the correlation among the four objectives of corporate strategy implementation and used the Pearson’s correlation coefficient. This is shown in the table below.

<table>
<thead>
<tr>
<th>Table 4.8. Correlation of factors affecting corporate strategy implementation.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corporate Strategy implementation</strong></td>
</tr>
<tr>
<td>---------------------------------</td>
</tr>
<tr>
<td><strong>Corporate Strategy implementation</strong></td>
</tr>
<tr>
<td><strong>Organization culture effect</strong></td>
</tr>
<tr>
<td><strong>Resource Allocation effect</strong></td>
</tr>
<tr>
<td><strong>Organization preparedness effect</strong></td>
</tr>
<tr>
<td><strong>Leadership effect</strong></td>
</tr>
</tbody>
</table>

Correlation is significant at the 0.01 level (2-tailed).
strategy implementation in the organization since they were positively correlated and had significant values of less than 0.01 level (2 tailed).

In general terms, the correlation model is in congruence with Jofre, (2011), which suggests that the organization will be focused on the areas of the firm with a relatively high competitive advantage or on those more competitive resources and capabilities. Conversely, resources that are keys for performance (leadership effect, resource allocation and organization preparedness) will drive the search towards the ways to enhance their effect over competitive advantage (Hrebiniak & Joyce, 2006).

Regression Analysis

The researcher sought to determine the relationship between corporate strategy implementation to scale (1-10) and the independent variables in category of; organization culture effect, resource allocation effect, organization preparedness effect and leadership effect. The independent variables categories were rated on a 1 – 5 scale for various operation indicators.

The researcher applied the regression model to determine the relationship between dependent variable (corporate Strategy implementation) and independent variable (Organizational culture, Organizational Resource Allocation, Organizational preparedness and Organizational Leadership). The results are as presented in the following parts

ANOVA

Analysis of variance was used to test the significance of the regression model as pertains to differences in means of the dependent and independent variables as shown on table
The ANOVA test produced an F-value of 3.877 which is significant at p=0.004. This depicts that the regression model is significant at 95% confidence level. Thus the regression model is statistically significant in predicting how organization culture, resource allocation, organization preparedness and leadership effect, affect corporate strategy implementation in an organization.

<table>
<thead>
<tr>
<th>4.9 The ANOVA Table</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>Regression</td>
</tr>
<tr>
<td>Residual</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Table 4.8. Regression Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.587</td>
<td>.345</td>
<td>.285</td>
<td>.70677</td>
</tr>
</tbody>
</table>

The regression equation established from the data in the table 4.9 above is as follows

\[ Y = 1.537 + 0.732X_1 + 0.487X_2 + 0.941X_3 + 0.291X_4 \]

The equation is relevant because all the four aspects considered were found in determination of corporate strategy implementation in the organization and had significant values below 0.05.

Discussion of Regression Coefficients

The researcher sought to determine the relationship between Corporate Strategy Implementation to scale (1-10) and the independent variables in category of; organization culture effect, resource allocation effect, organization preparedness effect and leadership effect. The independent variables category was rated on a 1 – 5 scale for various operation indicators. The researcher applied the regression model to determine the relationship between dependent variable (Corporate Strategy implementation) and independent variable (Organizational culture, Organizational Resource Allocation, Organizational preparedness and Organizational Leadership).

5. Conclusion

The study findings are in line with the observations made in the literature review. The findings depict a difficult task when implementing strategies and decision making occurs in context of complexity and uncertainty. Hence, a useful implementation model should be able to make sense of complexity and uncertainty and therefore, to be manageable according to the limitations of our cognitive capabilities. Efficiency implies that decision and actions not only should deal with complexity but also with constraints or limits to available resources and capabilities. In the perspective of efficiency, at least three forms are depicted: economic, cognitive and ethical efficiency. Economic efficiency, Resource allocation, is the most known of these forms and regards the development of actions with the least financial cost as possible (Jofre, 2011).

6. Recommendations

The researcher recommends that for effective corporate strategy implementation top management should support and commit to ‘blue print’ in place to be adopted, employee’s involvement in strategies should be, customer focus, employee training and development, quality information and analysis, rewards and recognition and product/service design, should be adopted by every firm, in the energy industry and other industries that comprise the Kenyan economy due to their positive impact on operational performance. The firms should also be in the front run in addressing the challenges which affect the implementation of corporate strategy management practices in order to reap the full benefits of these practices.
7. Suggestion for Further Study

The study only covered electric generating firms in Kenya. Energy industry is just one of the many sectors in our economy, meaning that a wide knowledge gap exists and there is need to carry out similar research in these sectors. The adoption and implementation of corporate strategy practices in all sectors of Kenyan economy will go a long way in improving service delivery; better customer satisfaction hence improved GD.

Since the explored variables were found to be insignificant in explaining the corporate strategy implementation firms in Kenya, a study should be carried out among the other similar firms in Kenya to explore other factors such as firm size and years of operation that may enable determine fully the factors that affect the implementation of corporate strategy in Kenya.

8. References

Bowe, B. (2002). Organization Culture; Can it be source of sustained competitive advantage.