International Research Journal Of Business and Strategic Management

Vol 6, Issue 1, pp 149-162, May 26, 2024, © International Research Journal Publishers, ISSN 2710-2742 (online) www.irjp.org

RESPONSE STRATEGIES AND ORGANIZATIONAL PERFORMANCE OF KENYA POWER AND LIGHTING COMPANY

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Accepted, May 20th, 2024

Abstract

Organizations operate in a turbulent business environment that is constantly changing. In the recent years, there have been various changes in the external environment. Changes that have impacted the performance of businesses. Organizations therefore, have to find ways to copewith the changes in what is the response strategy. Previous studies indicate that implementing the correct response strategies results in superior performance. The main objective of this studywas to examine the impact of different types of response strategy on the performance of parastatals focusing on Kenya Power and lighting company. The specific strategies studied include organization restructuring and innovation. The theories that underpinned the study were open systems, technological acceptance, stakeholders, and resource-based theories. The research design used both descriptive and inferential statistics target population being 115 personnel from the various department who take part in the strategy formulation and implementation. A semi-structured questionnaire was used to collect the data which was then analyzed using SPSS. The study concluded that there is a positive and statistically significant relationship between innovation strategies on performance. Restructuring however demonstrated a positive but insignificant relationship with performance. More clarity should however be sought out before a restructuring strategy is implemented. Before initiating any restructuring efforts, organizations should clearly define their objectives and desired outcomes.

Kewords: *Innovation, Restructuring, Performance*

INTRODUCTION

According to (Ivančić, Mencer, Jelenc, & Dulčić, 2017) advice, for any business to perform managers have to deal with the change in the external environment. This is because a change in the external environment affects the general performance of organizations. The external environment consists of; political, economic, social, technological, environmental and legal factors. In dealing with these changes the type of adjustment an organization makes involves coming up with strategies to cash in on the opportunities presented. At the same time mitigate

the effects of the threats that occur from the changes. These adjustments are referred to as response strategies in response to these changes.
Response strategies can also be referred to as a plan of action implemented holistically within an organization aimed at achieving a specific objective. Irrespective of the size of the organization certain occurrences within the market will make the organization require a strategic response or response strategy (Mckeown, 2019). A strategy should be undertaken as a commitment, and every member of the organization should understand their role in achieving the outcome.
A number of studies have also been done regionally showing the uncertainty that exists in the business environment. One of the studies is by (Hansen, Langevang, Rutashobya, & Urassa, 2018) and highlights the importance of response strategies to the uncertain operating environment in Tanzania. It further emphasizes how response strategies play a huge part the organization's growth and performance. (Onamusi, 2020) also highlighted the importance of response strategy to an organization competitiveness in the market. This is after carrying out research on a select number of paint manufacturers in Lagos Nigeria. Through this study firms were encouraged to strengthen their response strategy capability to achieve competitiveness.
Another study by (Dadzie *et al*., 2012) was carried out in Ghana to determine the influence of competitive strategy on organization performance. This response strategy had been necessitated by change in external environment, brought about by increased liberalization. He noted that competitive response strategy was positively related to performance. The effectiveness of this response strategy however related with its alignment with differentiation and cost leadership strategy.
Globally, unprecedented change in the external environment affects organizations performance. (Lin, *et al*.,2018) carried out a study, of organizations in China and noted that. Manufacturing Organizations had unanimously embarked on innovation, known as industry 4.0. To improve smart manufacturing as a response to stiff competition externally. Another scholar (Parnell & Koseoglu 2010) did a review that contrasts the nature of competitive strategy and its link to firm performance in Turkey and the USA. He identified that Turkey leaned more towards innovation and cost oriented strategies than the USA. However, response strategies in both countries were positively related to performance.
A challenging environment requires a working solution to respond. In Kenya various studies have been carried looking at how response strategies addressing the challenges. Have affected performance in many sectors of the economy. This further shows the importance of firms' use of response strategies to respond to the dynamic environment. Mokamba, (2007) notes that the environment in which the firm operates helps it define its objectives and develop competitive strategies for survival. He investigates the strategic response by Kenyan manufacturing firms to the threats of regional integration. From his study it was clear that firms that didn't embrace strategic response to integration later faced challenges in performance.
This research looks at Kenya Power and Lighting Company (KPLC) an organization which is the sole distributor of power to consumers in Kenya. Prior studies have highlighted some of the response strategies implemented from 1994 to 2003 to solve the challenges that had occurred previously. However, the external environment is extremely dynamic, turbulent and complex and this means that new challenges pop up over time (Kozłowski, & Matejun 2012).

This is proven by the myriad of challenges that the organizationhas faced in the recent times even declining on its profitability, and general performance. Various actions have however been taken and the organization looks to be on the right trajectory in terms of performance. The purpose of this study is to establish the effectiveness of innovation, risk management, restructuring, and growth response strategies on the performance of Kenya Power.

Statement of the Problem

A change in the external environment affects the performance of most organizations. According to (Kenya Power and Lighting Company, 2022) the company faces several challenges made worse by a depreciating shilling, an increase in interest rates, and high fuel prices. Previous reports also indicate a decline in profitability for example, from 2018 to 2019 it declined by 92% from US$ 49 million in June 2018 to US$ 3 million in June 2019. According to (Maier, & Zenovia, 2012) success in turbulent times is dependent on new perspective on competitiveness. This means aligning of strategy with the new changes to reap from the benefits and mitigate the drawbacks. Many changes in the environment have brought challenges and the need for a strategic response at Kenya Power. Some of the challenges include; the increase in demand for energy, inefficiency, and corruption. vandalism, high cost of energy transmissions, and global calls to mitigate energy consumption (Okong'o, 2016).

Despite these challenges, the organization has been able to take numerous strides toward achieving its objectives. Power supply in the country has increased from 32% in 2013 to 75%in 2022. The initial goal was however to achieve 100% electrification by 2022 (Kenya - energy-electrical power systems, 2022). There has also been partial achievement of the objective to generate more sources of renewable energy from the current 75% to 100% (Kiprop, Matsui, & Maundu, 2018).

Several studies (Orji, Ojadi, & Okwara, 2022, GbolagadeAdewale & Oyewale, 2013 Acquaah & Agyapong, 2015; Al Khajeh, 2018) have showing the impact of response strategies on the performance in a number of organizations. (Kalkan, Bozkurt, & Arman, 2014) examines the impact of response strategy on performance of firms located in Antalya, Turkey. The study gave a positive linear relationship between response strategy and performance. (Kankam-Kwarteng, Osman, & Donkor, 2019) examined the response strategy to changes in the environment to the performance of restaurants in Ghana.The study found a significant positive relationship between strategy and firms' financial performance. (Kairu, 2013) also examines the importance of strategy in the performance of Kenya Revenue authority (KRA). In his study, he observed that proper execution of response strategy results in improved productivity.

Despite the numerous studies carried out none of the researchers describes how it would be like to implement a response strategy using; innovation, risk management, growth, and restructuring as variables, which creates a conceptual gap. Also, other studies do not look at an organization domiciled in Kenya. And this creates a contextual gap because different environment poses different challenges to the organizations present in that market. This study is therefore aimed at solving the numerous gaps of previous research. It identifies the effect of response strategy adopted by Kenya Power to improve performance. And concentrates on innovation, risk management, restructuring, and growth response strategy variables.

Research Objectives

i. To Determine the effect of innovation strategy on the performance of Kenya Power and Lighting Company
ii. To ascertain the effects of restructuring strategy on the performance of Kenya Power and Lighting Company

LITERATURE REVIEW

Theoretical review

Technology Acceptance Theory

Technology acceptance theory was put forward by (Davis, 1989). It explains the factors that influence the acceptance and use of new technology. According to (Davis, 1989) technology acceptance is influenced by the users' attitude towards the technology. Which in turn is determined by; the actual features and capability of the technology, perceived usefulness, andthe ease of use.

Technology originated from the Greek word 'techni' which means skill, and 'logia' which means words. A form of expression. According to (Ahmad, 2014) technology is the use of a particular technical skill and technique. It's one of the most important resources in an organization and it plays a great role on performance. Technology helps conduct business in a more efficient and competitive way. Every organization has a unique form of technology which has an influence on its performance, and work structure.

Resource-Based Theory

Resource-based theory was put forward by Wernerfelt in 1984, it portrays that an organization, competitive advantage, comes from utilizing its strategic resources. According to (Lockett & Morgenstern 2009) the theory tries to explain the relationship between a firm's strategic resource and performance. A strategic resource is an asset of the organization which is rare, difficult to imitate, and cannot be substituted. Unlike any other resource which can be acquired by different organizations. The resource-based theory looks at resources like; brand, reputation,and copyrights. Which are difficult to acquire or imitate. A changing environment makes it difficult to be outstanding in performance given the many risks it brings forth. This calls for strategic response which requires deployment of resources for the outcome, which is performance, to be achieved. At this point the organization reviews the resources it's endowed with and looks at what is most appropriate for a given strategy.

The resource-based theory proposes the use a response strategy which uses the organization's strategic resources for a better competitive advantage (Barney, Della, Sciarelli, & Arikan, 2012) According to this theory resources are an important aspect of determining an organization's performance. This is because the unique resources give it an upper hand. And an organization is more likely to achieve success. (Crook, Ketchen, Combs, & Todd, S. Y. 2008) found out that, strategic response involves proper appropriation of the strategic resources present in an organization. This theory addresses the objective of how restructuring strategy influences performance. According to (Recardo & Heather, 2013) restructuring is a difficult process that requires carefully crafted solutions and adequate resources from the organization.

Conceptual Framework

A conceptual framework, compiles a researcher's thoughts and shows, his understanding of the research topic (Kivunja, 2018). The dependent variable in this study is performance, whereas the independent variables are Innovation, Risk management, growth, and organization restructuring strategies.

Independent Variables **Dependent Variable**

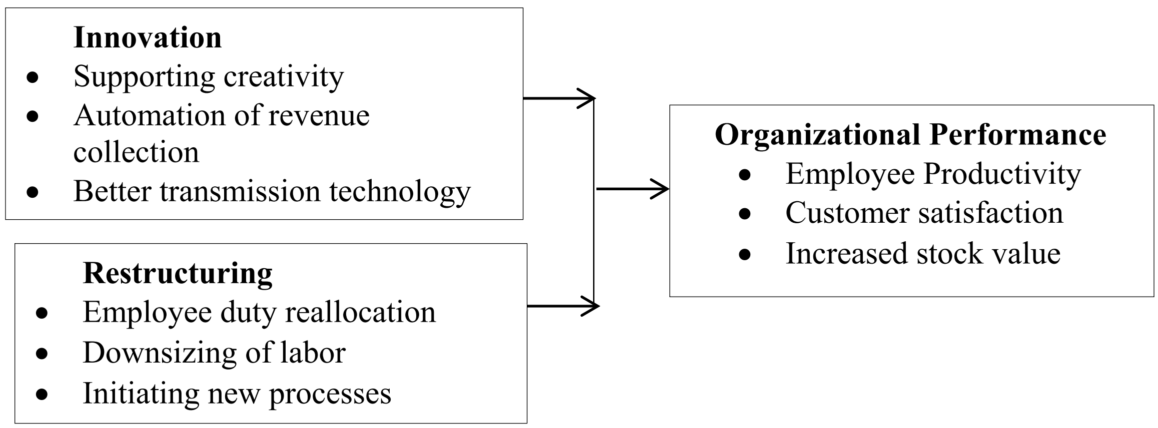

Figure 1 Conceptual Framework

Empirical review

Innovation Strategy and Organizational Performance

The strong focus on innovation is influenced by both increased challenges brought about by the rapid changes in technology. (Karlsson & Tavassoli 2016). Innovation has been used as a strategy to increase performance in both local and international context. (Choi & Park, 2014) sought to find how the alignment of innovation strategy with the business strategy would affect the firm's performance. He carried out the study using 175 service firms in Korea. The study identified that innovation combined with business strategy created a synergistic positive effecton performance (Poh, 2016) also documented of how Singapore embraced innovation to overcome its constraint of lacking natural resources. With implementation of this strategy the country was able to transfer itself from a developing economy to a developed country.

(Mahemba & Bruijn 2013) did a study to establish the relationship between innovation strategy and performance in manufacturing SMEs in Tanzania. The study established that innovation was positively related to performance. (YuSheng & Ibrahim 2020) did a similar study that explored the impact of innovation strategy to the performance of banks in Ghana. The study also proved a significant and positive relationship between innovation and the performance ofthe banks.

(Nzioka, 2017) illustrated the use of innovation as a response strategy to the challenges facing fintech organizations in Kenya. Fintech organizations are organizations which chiefly use technology to compete in areas previously served by traditional physical financial institutions. Nzioka suggested constant innovation to pave way for more efficient operations. (Mutunga, 2014) looked at strategic responses by Kenya power and their effect of performance. One of the strategic responses he highlighted was innovation. The study concluded that innovation resulted in cost reduction and improvement of services. And was a highly effective strategy in improving the performance of an organization.

Restructuring Strategy and Organizational Performance

Restructuring is no longer viewed as just an alternative which only applies when a structure becomes dysfunctional, but a necessity for both survival and growth. (Girod & Whittington 2017) compares the performance of two large organizations in the USA. One which undergoes a pervasive restructuring while the other, a conservative restructuring approach. It's revealed that the organization with the pervasive restructuring is able to adapt positively to the change in external environment, and perform better. The key to a sustained performance is the ability to reorganize assets and organization structure. (Ambarwati, & Haryono, 2022) examined the effect of ownership restructuring as a strategy on firms experiencing a decline in performance.The study was carried out in Indonesia using a sample of 373 firms. The results of the study showed that the strategy worked well in reversing the performance of these organizations.

(Kwaning, Afriyie, & Osman, 2014) writes of how restructuring has become a common strategy to organizations experiencing a fierce change in business environment. The research focused on restructuring in the Ghanaian banking industry. And established that it resulted in improved general performance of the organizations. (Beatrice, 2016) also looked at the effectiveness of restructuring which had been used as a major strategy to improve the dwindling performance in Rwanda public organizations. The conclusion of the research was affirmative showing that indeed the performance of public organizations improved with the restructuring.

(Kinyua & Kihara, 2021) after carrying out a study of media firms in Kenya noted that cost restructuring, governance reformation, downsizing and centralization, all forms of restructuring, significantly influences an organizations performance. (Maroro, Kamau, & Koima, 2018) after a study on commercial banks in Kenya, highlights that during financial distress organizations embark on asset restructuring process to reduce costs and improve efficiency.

METHODOLOGY

A research design integrates all the components of the research process and guides to a combination whichprovide credible results after a study (Alharahsheh & Pius 2020). Descriptive research design was used. The reason for use of descriptive research is because it answers the question 'by how much?' With the use of descriptive design, the researcher has presented the results visually with calculations, pie charts, and graphs. The researcher also employed data collection, analysis, and interpretation based on a small sample ofthe entire population.

This research is a census targeting 115 managerial staff working for Kenya Power in Nairobi, Murang'a, Kiambu and Kajiado counties. The managerial staff include top-level, middle level and low-level managers.

In this study the researcher used a semi-structured questionnaire with open and closed ended questions to collect the primary data from the respondents.

Data was analyzed using SPSS and a combination of inferential statistics and descriptive analysis. The data is visualized by presenting it using pie charts, graphs, tables, and figures to give a clear perspective of what is being communicated. The regression model guiding the research was;

$$Y = \beta 0 + \beta 1X1 + \beta 2X2 + \varepsilon$$

RESULTS & DISCUSSION

The study was carried out on all the managerial staff of the four sub-regions. The researcher distributed 115 questionnaires. Only 102 of the questionnaires were returned in total including the 12 already returned during the pilot testing. This left the researcher with 90 questionnaires to base his final study which represents a 78.2 % response rate. Saunders et al. (2012) suggest that a higher rate is better as it enhances the generalizability of the study to the population under inquiry. According to, Mugenda and Mugenda (2003), an above 50% return of the questionnaires is acceptable.

Descriptive analysis

Innovation

One of the study's objectives was to determine the influence of innovation strategy on the performance of Kenya Power and Lighting Company. Accordingly, the researcher sought to find from the respondents how different aspects of innovativeness influence performance. The cumulated mean (3.43), indicates that they supported the idea that production technology enhances the power output at Kenya Power. The mean scale showed that innovation touching on production technology, automation, and coming up with innovative products improved the organization's performance Additional feedback concerning innovation strategy revealed that most respondents thought it enhanced organizational performance. This supports the study by (Zhang, Khan, Lee, & Salik, 2019) that confirmed the influence of innovation on the performance of organizations. (Zhang et al., 2019) also showed the significance of the resource-based theory that emphasizes the firm's utilization of its strategic resources which can be acquired through innovation.

Table 1: Innovation and Organization Performance

Innovation	1	2	3	4	5	Mean	SDV
New technology has been used in the distribution of power to make it efficient	0.0%	58.9%	8.9%	32.2%	0.0%	2.73	0.229
Automation of processes within the organization has been implemented	4.4%	10.0%	48.9%	13.3%	23.3%	3.41	0.302
There is massive support for employee productivity.	3.3%	24.4%	47.8%	11.1%	13.3%	3.07	0.265
There has been new innovative products that have been introduced to customers	3.3%	1.1%	6.7%	37.8%	51.1%	4.32	0.399
The organization has automated the collection of revenue to improve on the earnings	0.0%	6.7%	23.3%	70.0%	0.0%	3.63	0.325

Cum average	**3.43**	**0.304**

Restructuring Strategy

One of the study key's objectives was to establish the influence of restructuring strategy on the performance of Kenya Power. As such, the idea that operations restructuring has influenced performance at Kenya Power received strong support with a mean response of 4.16. Job restructuring has enhanced the efficiency of employees at Kenya Power and lighting company and received mixed support leading to a neutral mean response of 3.67. The question of whether debt restructuring has loweredthe operating costs at Kenya Power received a mean response of 2.02. Whether downsizing of the labor force has lowered the operating cost of Kenya Power elicited mainly a negative response with a mean response of 1.69. Reallocation of responsibilities has motivated employees at Kenya Power to receive support with a mean of a response of 3.07.

This supports the study by (Notanubun, Ririhena, & Batlolona, 2019). In the study it was established that there is an indirect effect of restructuring on employee performance which results to a subsequent improvement in the performance of the organization. However, care should be taken to effectively perform restructuring by coming up with an effective structure.

Table 2 Restructuring and organization performance

Restructuring	**1**	**2**	**3**	**4**	**5**	**Mean**	**SDV**
The organization has carried out operations restructuring by introducing new processes within	0.0%	6.7%	13.3%	37.8%	42.2%	4.2	0.382
Some jobs have been reallocated or changed in the organization structure	0.0%	0.00%	35.6%	62.2%	2.2%	3.7	0.329
The organization has restructured its debts to reduce the associated costs	37.8 %	42.2%	0.0%	20.0%	0.0%	2.0	0.151
The organization has recently downsized the labor force to have a lean workforce	44.4 %	45.6%	6.7%	3.3%	0.0%	1.7	0.113
Some of the activities carried out by the organization have been outsourced to other people who specialize in them	2.2%	33.3%	20.0%	44.4%	0.0%	3.07	0.265
cum average						**2.92**	**0.249**

Organizational Performance

From this analysis. There was general agreement with a mean response of 4.64. Whether customer satisfaction with Kenya Power has greatly improved received a positive response of

4.6. Most respondents think that employees are motivated and more efficient at work, which received a mean response of 4.5. The question of whether the power output generated is higher without an increase in costs also received a negative response of 2.0. However, there was strong support for the idea that the overall value of Kenya Power has increased with a mean response of 3.9.

Table 3 Descriptive Analysis for Organization Performance

Organization Performance	1	2	3	4	5	Mean	SDV
Increase in revenue collected over the past 5 years.	0.0%	7.7%	0.0%	51.1%	41.1%	4.26	0.392
Improvement in customer satisfaction	0.0%	0.0%	0.0%	35.6%	64.4%	4.64	0.433
The employees are motivated and more efficient at work	0.0%	0.0%	0.0%	44.4%	55.6%	4.56	0.424
Improved efficiency in operations	27.8%	44.4%	27.7%	0.0%	0.0%	2.0	0.149
Increase in the overall stock value of the organization	0.0%	0.0%	0.0%	64.4%	35.6%	4.36	0.403
cum average						**3.96**	**0.361**

Inferential statistics

Innovation Vs Performance

Table 4: model one (Innovation)

	df	SS	MS	F	Significance F
Regression	1	0.875597475	0.875597475	10.39342074	0.001781303
Residual	87	7.329346345	0.08424536		
Total	88	8.20494382			

	Coefficients	Standard Error	t Stat	P-value
Intercept	4.83	0.270430333	17.86123623	7.56964E-31
3.8	-0.25	0.078348724	-3.223882867	0.001781303

Using the coefficients above, the equation for this model is

$$\mathbf{y = 4.8358 - 0.2545(x)}$$

It can be seen from the equation above that a negative relationship exists between the two variables. An increase in the value of innovation results in a decrease in the value of performance. A decrease of 0.25445 to the value of performance (value of intercept when x=0) is predicted by this model when the value of innovation is 1.

The coefficient of determination is used to determine the goodness of fit. This means that it is used to determine the amount of variation in the dependent variable that can be explained by the independent variable. The table below shows the regression statistics for this model.

Table 5 Innovation Regression Statistics

Regression Statistics	
Multiple R	0.327
R Square	0.107
Adjusted R Square	0.096
Standard Error	0.29
Observations	89

The value of the R square statistic (0.107) indicates that approximately 10.70% of the variation in Performance is explained by the variable Innovation. It can be concluded that this model is certainly not a good fit to use alone when predicting the value of the variable Performance.

Restructuring Vs Performance)

The table below shows the coefficients for this simple regression model:

Table 6 Table Model Three (Restructuring)

	df	SS	MS	F	Significance F
Regression	1	5.392253739	5.392253739	166.7891099	6.22426E-22
Residual	87	2.812690082	0.032329771		
Total	88	8.20494382			

	Coefficients	Standard Error	t Stat	P-value
Intercept	5.977	0.157041165	38.06129555	5.11127E-56
3	-0.69	0.053400107	-12.91468582	6.22426E-22

Using the coefficients above, the equation for this model is

$$\mathbf{y = 5.977 - 0.6904(x)}$$

It can be seen from the equation above that a negative relationship exists between the two variables. An increase in the value of restructuring results in a 0.69041 decrease in the value of performance. the result indicates that restructuring as a strategy implemented alone will not be sufficient to enhance the level of performance without involving the other variables.

The table below shows the regression statistics for this model.

Table 4. 1 Restructuring Regression Statistics

Regression Statistics	
Multiple R	0.811
R Square	0.657
Adjusted R Square	0.653
Standard Error	0.18
Observations	89

The value of the R square statistic (0.656897) indicates that approximately 65.7 % of the variation in Performance is explained by the variable Restructuring. It can be concluded that this model, model 3, fairly indicates a good fit. However, using alone it to predict the value of the variable Performance would not guarantee very reliable results.

Conclusion

Findings based on innovation Strategy show a direct positive relationship between innovation and organization performance. Its therefore concluded that Kenya Power and lighting company increase the resources for research and development in order to facilitate innovation

Restructuring strategy which would result in improved performance if a lot of considerations are put into it. Proper allocation of duties based on skills should be considered for restructuring strategy to be effective. This means that the organization should first carry out an analysis into the requirements of the organization and find out the type of structure most suitable for performance.

Recommendations

There is a need for organizations to embrace emerging technologies that can enhance agility, such as artificial intelligence, automation, and data analytics. These technologies can enable real-time data analysis, predictive modeling, and efficient decision-making, thereby improving the organization's ability to respond swiftly to external factors.

Organizations should also further promote a culture that encourages innovation, risk-taking, and adaptability. This can be achieved through initiatives such as training programs, cross-functional collaboration, and recognition of employees who demonstrate agility in responding to changes and challenges.

Restructuring strategy

Before initiating any restructuring efforts, organizations should clearly define their objectives and desired outcomes. This includes identifying specific performance metrics and targets that will be used to measure the success of the restructuring process. By setting clear goals, organizations can align their restructuring efforts with the desired improvements in organizational performance. Further, management should ensure that the objectives of restructuring are communicated effectively throughout the organization. This will help to build support and understanding among employees, minimizing resistance and fostering a shared sense of purpose.

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