

EFFECT OF ORGANIZATIONAL COMMUNICATION ON STRATEGY IMPLEMENTATION AMONG ENERGY GENERATING FIRMS IN KENYA

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ABSTRACT

The purpose of the paper was to establish the relationship between organizational communication and strategy implementation among energy generation firms in Kenya. The study applied a descriptive research design in the study, a questionnaire will be used to collect primary data. The study targeted the 4 energy generation firms in Kenya (Vivo Energy Company, Kengen, Kenya solar energy limited, and Kenya power limited). The population of the study was 493 respondents. The sample size for the study was 128 respondents who were obtained through a stratified random sampling technique. A questionnaire was the

main research instrument in the study that was administered by the respondent through in-person administration. Data for the study was analyzed through both descriptive and inferential analysis and the results were presented in tables and narratives. Results of the study revealed that organizational communication positively and significantly influences the strategy implementation among energy generation firms in Kenya.

Key Words: Organizational Communication, Organization Culture, Strategy Implementation, Energy Generation.

INTRODUCTION

The prevailing organizational culture can be an impediment or a success determinant of an organization. It is, therefore, crucial to have a strategic cultural fit. Organizations keep on changing depending on the prevailing environmental conditions as well as to remain competitive. Strategy is the overall goal that an organization has to achieve the desired goals and objectives (Karadag, 2015). Strategy reveals the harmony that a business has with its environment by indicating how every resource it has is positioned to yield particular benefits. A strategy enables a company to know its strengths as well as its weaknesses to enable the organization's competitiveness. Within an organization is the culture that binds it both internally and externally (Belias & Koustelios, 2014).

An organization's implementation of its strategy influences how the organization is managed, and how it intends to build loyal customers as well as establish a firm market share. Inculcating a particular culture in an organization has to do with changes in the reward system of employees' organization, the job relations, deployment, changes in the organization structures, etc. Therefore, a particular strategy implementation calls for drastic or gradual changes in the various areas of cultures including the organization characteristics, communication channels, or even the line of business (Morgan et al., 2012).

As a result of globalization businesses are coming up with new strategies of doing business by allocation of resources in new undertakings that create a competitive edge, adoption of the latest technology, and changes in the ways communication is conducted in making decisions have been noted as some of the ways through which organizations have heavily relied upon. Strategy implementation refers to the practice of putting the strategic plan into practice by allocating resources and engaging the right human resources in an undertaking. Whereas successful implementation relies upon the quality of information gathered during the strategic analysis stage it must effectively be communicated to the desired target for use of such information in the implementation of the strategy (Hrebiniak, 2013).

Adeoye, 2015 noted that companies in Nigeria have faced challenges in the implementation of their strategies, and delays in strategic plans implementation have been faced by both private and public institutions, Adeoye, 2015 argued that the lack of capital to actualize plans, as well as the culture that does not accommodate new ideas, are found to be the major predicaments in the implementation of strategies among state-owned parastatals in Nigeria.

Mwaura (2017) while studying strategy implementation among Kenyan public institutions revealed that, to effectively implement a strategy the managers of an organization requires to be extra innovative, possess leadership skills, and be creative to digest complex hurdles and present them in a way that enhances strategy implementation. Implementation of the study involves taking stock of an organization's stock of human resources, and capital as well as integrating the organization's culture and structure so that the organization can achieve the desired outcomes. The business must therefore in a poisonous way assess its environment and re-evaluate itself.

The implementation process of organizational strategies and plans into actions necessary to realize enhanced performance in the business still poses a great challenge for the most organization even though most of these organizations have been major players in their various industries and benefits from their accrued experience (Madegwa, 2014). Strategy implementation has attracted much less attention in strategic and organizational research than strategy formulation or strategic planning. Maika and Wachira (2020) suggest several reasons for this: strategy implementation is less glamorous than strategy formulation, people overlook it because of a belief that anyone can do it, and people are not exactly sure what it includes and where it begins and ends.

Skerlavaj et al. (2013) expressed that a decent culture ought to be perfect with nature. With a specific end goal to accomplish an upper hand, the culture must be important which implies that it must enable the organization to carry on in a way that will prompt higher benefits and lower costs and consequently enhance the money-related performance of the firm. Shahzad et al. (2012) include that a reasonable culture ought to be uncommon implying that it must have unmistakable qualities that separate the firm from the cultures of a substantial number of

different firms in a similar industry. The organizational culture ought to likewise be incompletely imitable in that regardless of the possibility that potential imitators can comprehend profitable and uncommon organizational cultures; despite everything, it may not be conceivable to emulate those cultures (Alvesson & Sveningsson, 2015).

Strategies are a critical element in organizational functioning, but whereas most organizations have good strategies, successful implementation remains a major challenge. The notion of strategy implementation might seem quite straightforward; a strategy is formulated and then implemented. On the contrary, transforming strategies into action is a far more complex, difficult, and challenging undertaking and therefore not as straightforward as one would assume (Goromonzi, 2016).

Implementing strategy is the connecting loop between formulation and control. It is what integrates strategies. Strategy implementation is a process in which all planning and budgetary activities, policies, and procedures follow the defined strategy. It may involve some changes in the organizational culture, structure as well as managerial systems. Implementation of strategies is also called practical strategic management. The purpose of implementing strategies is to enable managers and employees to collaborate to perform formulated strategic planning (Obeidat et al., 2017).

In other words, implementing is the most difficult step in the strategic management process and needs a kind of self-controlling and corporate culture as well. Strategy implementation is an internal, operations-driven activity involving cultural change, values as well as changes in social systems to make the strategy work as intended (Ouma & Gichinga, 2017). Implementing strategy involves creating a fit between the way things are done, and what it takes for effective strategy execution. A culture grounded in strategy-supportive values, practices, and behavioral norms adds significantly to the power and effectiveness of a company strategy execution effort (Speculand, 2014). For example, a culture where frugality and thrift are widely shared by organizational members' nurtures employee actions to identify cost-saving opportunities which is the very behavior needed for the successful execution of a low-cost leadership strategy. The question of successful strategy implementation however remains an unaddressed challenge in many organizations (Obeidat, et al., 2017).

The Ministry of Energy and petroleum is responsible for policy formulation that will create a suitable environment for growth, investment, and efficient operations in the Kenyan energy sector. Firms in Kenya's energy sector are being regulated by Energy Regulation Commission (ERC) since 2007 to protect the interests of consumers, investors, and stakeholders. The mandate of the commission is to regulate in a fair, transparent, and predictive manner in line with government policy and sensitive to stakeholders (Kenya energy Act 2006). GDC is fully owned by the government with a mandate of exploring geothermal fields, drilling production wells, and

managing steam fields to sell steam to investors in the energy sector including KenGen and IPP. KenGen manages all of Kenya's public power generation facilities which produce approximately 75% of the power generated in the country.

KETRACO is also a full government institution created to develop new high voltage electricity transmission infrastructure to facilitate wide connection and grid interconnectivity to power plants and neighboring countries to facilitate trade. KPLC is the only buyer of electricity obligated by Kenyan laws to buy power from all power generators through a structured power purchase agreement (PPA); KPLC is the sole transmitter and distributor of electricity from the national grid to consumers in Kenya.

Candido and Santos (2015), noted that strategy implementation is the only sure way to businesses increasing their profits. Through strategy implementation, a written plan is actualized and the results measured against the plan. However, not all plans that are formulated are turned into action statistics have on the contrary noted that only up to 30% of plans that are designed get to the implementation phase, out of the 30% only about 10% are effectively implemented fully and give results.

Therefore, more than 90% of strategic plans fail at the different stages either the design or implementation phase. The topic of strategy implementation has attracted researchers in the areas of academic and the general research world to identify why implementation of strategy is such a hurdle. Mwaura (2017) and Isaboke (2015), noted that strategy implementation is a human resource limitations issue with employees in the public sector lacking important skills in converting the plan into actions. Weraes Maika and Wachira (2020) noted that the mismatch between the strategic plan and the organization plan was the major cause of implementation failure. There has been an outcry about the lack of appropriate strategies to regulate and manage the energy sector in Kenya which has been associated with poor strategizing implementation. The current study sought to establish the influence of organizational communication on the strategy implementation among energy generation firms in Kenya.

LITERATURE AND HYPOTHESIS

Janićijević (2012) dwelt on the influence of organizational culture on organizational preferences towards the choice of the organizational change strategy. The study established that of all the strategies assessed, the power coercive strategy characteristic of the power culture led to the fastest results in strategy implementation. The study however found that the power culture led to the destruction of motivation and loyalty, created resistance to change, and was often associated with fast but inefficient implementation.

Olang (2015) examined the role of communication in strategy implementation based on the case of African women in agricultural research and development (AWARD). The study applied a descriptive research design, where data was collected through an online questionnaire designed by google forms. Regarding the first study objective on communications as a component of strategy implementation, the study established that communications had been outlined as a key component to achieving the organization's mission. AWARD was also found to have an internal communications unit that is actively functioning, and aims to engage audiences, and key stakeholders strategically, to further the mission of the organization.

Ayusa (2016) examined the communication and strategy implementation in telecommunication firms in Kenya. Primary data was collected by the use of structured questionnaires. Thereafter, the quantitative and qualitative data obtained from the target population of thirteen telecommunication firms in Kenya was analyzed. The researcher found out that the telecommunication firms applied the various channels of communication to convey or transmit information at the workplace to a great extent. These channels include face-to-face, electronic, mobile, broadcast media, and written channels of communication.

Akuei (2016) conducted a study on the role of organizational culture on effective strategy implementation among Energy generation firms in South Sudan. The study relied on the application of both descriptive and explanatory research designs to achieve the research objectives. Targeted by the study were top and middle managers of 29 energy generation firms in South Sudan. The study collected primary data through questionnaires and data analyzed using factor analysis and a multiple linear regression model. Organizational Leadership as a factor under power culture was found to positively influence effective strategy implementation.

Atieno and Juma (2015) dwelt on the determination of the influence of power centralization as a facet of the power culture on strategy implementation in the County Government of Nakuru, Kenya. The study used a descriptive survey research design conducted a census study on 46 heads of departments and sections drawn from all government departments whose functions had been devolved. The study collected data using structured questionnaires and analyzed data using both descriptive and inferential statistics. The study established a moderate positive significant relationship between power centralization as a facet of power culture and strategy implementation.

Karimi and Kadir (2012) also examined the effect of task culture in the study on the impact of organizational culture on the implementation of TQM through an empirical study in the Iranian oil company. Using confirmatory factor analysis to refine culture and TQM scales for empirical analysis alongside the structural equation modeling method in testing the theoretical models, the study established that task culture impacts negatively on TQM implementation.

Hypothesis: Organizational Communication does not have a significant effect on Strategy Implementation Among Energy Generation Firms in Kenya.

DATA AND METHODS

A descriptive research design was applied in the study because it is founded on the positivism theory. In descriptive research design, a questionnaire can be used to collect quantitative data which can be used in testing the hypothesis as well as testing theories.

The study targeted the 4 energy generation firms in Kenya (Vivo Energy Company, Kengen, Kenya solar energy limited, and Kenya power limited). Respondents in the study included: 462 management staff and 31 section heads which was a target respondents size of 493 respondents.

| Organization | Population | Percent |
|----------------------------|-------------------|----------------|
| Kenya power | 113 | 22.9 |
| Kengen | 93 | 18.8 |
| Vivo energy | 116 | 23.5 |
| Kenya solar energy limited | 171 | 34.8 |
| Total | 493 | 100 |

The sample size for the study was 128 respondents who were obtained through a stratified random sampling technique. A questionnaire was the main research instrument in the study that was administered by the respondent through in-person administration. Data for the study was analyzed through both descriptive and inferential analysis and the results were presented in tables and narratives.

Model :

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon \dots\dots\dots \text{equation (1)}$$

FINDINGS AND DISCUSSIONS

Response Rate: Out of the 128 questionnaires that were printed and taken to the field for purpose of data collection, 98 useful questionnaires were returned and used in coming up with data for this paper, which represented a 76.6% response rate.

Descriptive Analysis of Organization Communication

Table 2 revealed that written communication was the main method used in communication by the energy generating companies in Kenya as shown by 57.1%.

Table 2: Methods of organization communication

| Methods of organization communication | Frequency | Percent |
|--|------------------|----------------|
| Verbal communication | 8 | 8.2 |
| Nonverbal communication | 12 | 12.2 |
| Written communication | 56 | 57.1 |
| Visual communication | 22 | 22.4 |
| Total | 98 | 100.0 |

Practices in Organization Communication

Table 3 revealed that respondents agreed that: the Style of communication plays a major role in engaging the staff in the implementation of strategy (M=4.663), the Channel of communication is key in articulating components of the strategy to the staff (M=4.163), and Periodical Meetings are undertaken to facilitate implementation of strategy (M=3.898), the modes and Frequency of communication facilitate effective implementation of strategy (M=3.980), Information Sharing and Transparency is a major component of the implementation of strategy (M=3.765) and Communication promotes strategy implementation (M=4.204). Srivastava (2017) was also in agreement with the current findings when he argued that throughout the implementation process, communication should flow bottom-up to allow management to monitor the implementation process and determine whether changes to the approach are needed.

Table 3: Practices in Organization Communication

| Practices in organization communication | Mean | Standard deviation |
|---|-------------|---------------------------|
| Style of communication plays a major role in engaging the staff in the implementation of strategy | 4.633 | 0.631 |
| Channel of communication is key in articulating components strategy to the staff | 4.163 | 0.962 |
| Periodical talkfest (Meetings) are undertaken to facilitate the implementation of the strategy | 3.898 | 0.972 |
| The modes and Frequency of communication facilitate the effective implementation of strategy | 3.980 | 1.054 |
| Information Sharing and Transparency is a major component of the implementation of strategy | 3.765 | 0.999 |
| Communication promotes strategy implementation | 4.204 | 0.959 |

Descriptive statistics on Implementation of strategy

Table 4 revealed that the respondents agreed that: leaders are involved in strategy implementation, employees are trained during the implementation phase, employees are asked to be accountable for resources allocated during implementation, and codes of good conduct are adhered to during strategy implementation.

| Practices in Implementation of strategy | Mean | Standard deviation |
|--|-------------|---------------------------|
| There is training conducted during strategy implementation | 4.04 | 1.067 |
| Employees are asked to be accountable for the resources allocated during strategy implementation | 3.97 | 0.875 |
| Leaders are involved during strategy implementation | 4.45 | 0.967 |
| Codes of conduct are adhered to during strategy implementation | 3.98 | 0.876 |

Hypothesis Testing

The study sought to test the hypothesis through regression analysis. The hypothesis for the paper was as follows: *Hypothesis: Organizational Communication does not have a significant effect on Strategy Implementation Among Energy Generation Firms in Kenya.*

Table 5 (model summary), revealed an r-square of 0.616, which indicated that organizational communication explained about 61.6% of the changes in the strategy implementation among energy generation firms in Kenya.

Table 5: Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .785 ^a | .616 | .612 | 1.34344 |

a. Predictors: (Constant), Organisational Communication

Table 6 (ANOVA), revealed an f-ratio of 154.098 that was associated with a p-value of 0.001 which was less than 0.05, therefore organizational communication significantly influenced the strategy implementation among energy generation firms in Kenya.

Table 6: Analysis of Variance

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|---------|-------------------|
| 1 | Regression | 278.123 | 1 | 278.123 | 154.098 | .000 ^b |
| | Residual | 173.265 | 96 | 1.805 | | |
| | Total | 451.388 | 97 | | | |

a. Dependent Variable: StrategyImplementation

b. Predictors: (Constant), Organisational Communication

Table 7 indicated the regression coefficients: a beta value (β) of 0.666, $t=12.414$ that was associated with a p-value of < 0.001 , which implied that organizational communication had a positive and significant influence on strategy implementation among energy generation firms in Kenya. Olang (2015) agreed with the study findings when he studied the role of communication in strategy implementation for African women in agricultural research and development (AWARD), the results of the study argued that communications had been outlined as a key component to achieving the organization’s mission.

Table 7: Coefficients

| Model | Unstandardized Coefficients | | Standardized Coefficients | | t | Sig. |
|------------------------------|-----------------------------|------------|---------------------------|--|--------|------|
| | B | Std. Error | Beta | | | |
| 1 (Constant) | 9.306 | 1.525 | | | 6.101 | .000 |
| Organisational Communication | .666 | .054 | .785 | | 12.414 | .000 |

a. Dependent Variable: StrategyImplementation

CONCLUSIONS AND RECOMMENDATIONS

The study concluded that organizational communication had a positive and significant influence on strategy implementation among energy generation firms in Kenya. The study recommended more flexible communication structures to enable an exchange of ideas and sharing of knowledge among the employees in the organization. Besides, the study recommended increased communication about the vision the company is taking as well as goals and inclusion of all the employees by telling them which areas to tackle in the strategy execution.

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