

# An Assessment of Role of Middle Level Management in Strategy Implementation in State Corporations in Kenya: A Case of Kenya Power, West Region

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**Abstract:** *Organizations need to devote as much energy into getting strategy execution right as they spend on crafting the direction for their business. Planning and implementation are inevitably joined at the hip, with the success at both these aspects insuring the success of the business. The sphere in which public companies operate is profit driven by nature, which requires thorough planning and communication throughout the organization. Middlelevel management plays a central role in these companies and, if this group is a weak link, failure is likely to occur. In order to be able to study the middle managements' role in an organization susceptible to the challenges, Kenya Power West region, was identified as a case study. The objective of the study was to assess the middle-level managements' involvement in strategy implementation. On the other hand, middle management's involvement was the independent variable while strategy implementation was the dependent variable. The study was carried out at Kenya Power, West Region. The study adopted survey method as part of descriptive research design. The population of the study comprised of the middle level management in Kenya's state corporations while the target population constituted middle-level managers working at Kenya Power West Region. The researcher considered a sample of 137 middle-level managers working at Kenya Power West Region which was arrived at through stratified random sampling. Structured questionnaires were employed for collecting data. The Statistical Package for Social Sciences (SPSS Version 21.0) software was used to process and analyze the collected data. Both descriptive and inferential statistics were used for data processing and analysis. The findings were presented in form of frequency tables and tables reflecting summary statistics. According to the findings it was established that middle level managers' involvement in strategy implementation was unclear. Also, middle-level managers' involvement, was found to positively and strongly affect strategy implementation. It is recommended that middle-level managers should be more involved in strategy implementation.*

**Keywords:** Middle Level Management, Strategy, State Corporations, Strategy Implementation, Kenya Power

## 1. Introduction

The global business environment has forced most organizations to rethink and re-align their operations in relation to customer service delivery. Successful top managers understand the need for a sound business strategy and invest significant time, effort and money in strategy formulation, but the real value of strategy can only be recognized through implementation; the ability to execute strategy, is more important than the quality of the strategy itself [11].

Nestled within the ranks of each organization is a group of individuals who might be the missing link between strategic planning and execution: middle level management in the world today. They are the wider group of individuals starting from those entrusted with supervisory responsibilities of first line managers to those just below top management in most international companies. Middle level management is considered key to the facilitation of communication within the various levels of an organization and plays an important role in the creation of knowledge in any type and scale of organization whether national or international, competitive advantage and organizational capability. Middle level management, essentially, provides a 'sense making' link between top management's high order strategy and individual task level [13]. In addition to the above, in countries like America, directors and shareholders expect middle level management to play their part in contributing to the bottom line, and implement any directives

from the top while going through personal challenges to achieve the organization's objectives [4]. For the past two decades, in Europe, strategy formulation has been widely regarded as the most important component of the strategic management process - more important than strategy implementation or strategic control. However, recent research indicates that strategy implementation, and not strategy formulation is the key to superior business performance and that strategy implementation is more important than strategy formulation in emerging business environment. In addition, there has been a growing recognition that the most important problems in the field of strategic management are not related to the formulation of strategy, but rather to the implementation of strategy more so in the emerging market in the third world and that the high failure rate of organizational initiatives in a dynamic business environment is primarily due to poor implementation of new strategies [9]. It is asserted Middle level management face a number of challenges in strategy implementation. They do not contribute in formulation of new strategy, but are expected to implement it in the organization. They function in a complex environment where they manage the relationship with the top management and face questions and resistance from their teams. A study of 275 portfolio managers indicated that "the ability to execute strategy outweighs the quality of the strategy itself", and that implementation remains an important factor in corporate valuation. The study further identifies the main contributions to strategic formulations in any formal organization [11].

The study was carried out at Kenya Power, West Region. The company is a parastatal and its services are spread all over Kenya. The company has five regions comprising of Head office, Nairobi, Mount Kenya, Coast and West regions. It is the sole distributor of electricity in Kenya and one of its key strategic objectives is to provide quality power to its customers through a robust electricity infrastructure and increase the level of customer satisfaction as stipulated in the five year strategic plan. The company has put in place strategic plans to improve the power infrastructure to achieve its objectives. Despite the role of middle level management well outlined in the HR manuals at Kenya Power, and the high qualifications the office holders have, their involvement in strategy implementation is unclear. The company has created an organizational structure based on functions and geographical locations. The Western Region has been selected because of its diversity in terms of customers' and employees' profile.

## 2. Statement of the Problem

Most state corporations are faced with major managerial challenges by virtue of the appointment and recruitment of the senior managers. The middle level management is considered to be the technical group. They are supposed to implement decisions, policies and strategies formulated by top management. The strategic management documents have also already spelt out the duties and responsibilities for each middle level management.

However, it is alleged that there is minimal compliance to the middle level management in strategy implementation. A Number of attributable reasons include the following: Political interference, lack of support from top management; internal conflicts like in the case of different departments fighting for the available limited resources; importation of strategic plans which may not be applicable to the local scene; and inadequate internal communication .

The study, therefore, sought to assess the specific roles, challenges of the middle level management in strategy implementation. The whole process scrambles with the calibre of management on the aspect of integrity and other forces as tagged by the appointments, nepotism and management style of the concerned middle level managers who are charged with the responsibilities of implementing the strategies without clear mandate and resources. The hierarchy of most organizations seems complex for implementation of strategies smoothly. The study explores the facts in the firm with regard to strategy implementation.

## 3. Objective

To establish the level of involvement of middle level management in strategy implementation at Kenya Power, West Region

## 4. Research Question

What is the level of involvement of middle level management in strategy implementation at Kenya Power, West Region?

## 5. Conceptual Framework

The relationship between the study variables is illustrated in a conceptual framework as shown in Figure 1. The independent variable is 'middle – level managers' involvement' while on the other hand, the dependent variable is 'strategy implementation'. The Kenya Power policies were the moderating variable in the study. These policies moderate the relationship between the aforementioned independent and dependent variables. The study employed the framework in an attempt to establish the effect of middle level management's involvement on strategy implementation in an organization, particularly in the Kenya Power which is one of the state corporations in Kenya.

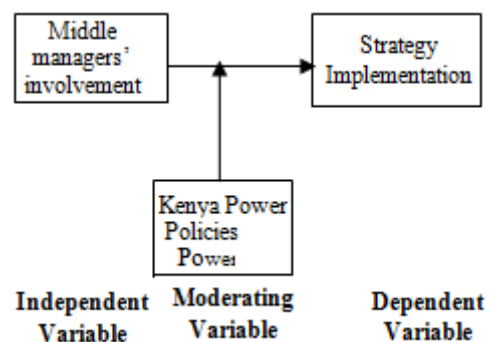


Figure 1: Conceptual Framework

## 6. Literature Review

Both theoretical and empirical literature related to role of middle level management in strategy implementation is reviewed.

### 6.1 Theoretical Literature

The theories and concepts touching on strategic implementation and in particular the role of middle-level managers in strategic implementation are looked into. Two theories have been reviewed: the resource-based view theory, and agency theory.

#### 6.1.1 The Resource-Based View Theory

The foundations of the resource-based view (RBV) of the firm can be found in the work that conceived the firm as an administrative organization and a collection of productive resources, both physical and human [18]. The RBV of the firm focuses specially on the inside of the firm, its resources and capabilities, to explain the profit and value of the organization [19]. This theory is applied to explain differences in performance within an industry. The RBV of the firm states that differences in performance happen when well succeeded organizations possess valuable resources that others do not have, allowing them to obtain a rent in its quasi-monopolist form [20].

The existence of capabilities and resources heterogeneity within a population offirms is one of the principles of the RBV. The organizations are heterogeneous entities characterized by their particular and unique resource bases. The RBV of the firm presents an explanation for the heterogeneous competition based upon the premise that

close competitors differ in an important and lasting way in their resources and capabilities [11]. This perspective recognizes that the type, magnitude and nature of resources and capabilities are important determinants in their capacity to generate profit [1]. By accumulating resources with rent-yielding potential the firm may increase the amount of rents generated, and subsequent profits [26].

Considering a strategic perspective of the RBV of the firm, the organization is a collection of unique competencies and capabilities influencing its evolution and its strategic growth [6]. The RBV of the firm is a strategic line of thought that analyses the organization's strengths and weaknesses. The organization's attributes that allow it to conceive of and implement value-creating strategies are resources. According to the author, firm resources can either be: physical, human, or organizational. Resources can also be tangible or intangible. The resources, assets and capabilities the firm possesses are used to build its competitive advantage and, as a consequence, economic wealth. The resources and Capabilities, tangible and intangible, generate economic returns to the firm [1].

The RBV of the firm considers that resources are not limited to the traditional economic productive factors; they also include socially complex resources, such as interpersonal relationships within firm managers, the firm's culture, or its reputation near the suppliers or clients [6]. Physical resources may originate returns above average levels, but it is the intangible resources, developed through a unique historical sequence and having a socially complex dimension, that are able to create and sustain competitive advantage of the firm. The RBV of the firm approach recognises the strategic importance of social and behavioural interactions in the conceivability of, the choice and the implementation of the organization's strategies.

### 6.1.2 Agency Theory

Another, crucial theory is the "agency theory". It is asserted that agency theory describes the environment within an organization in terms of sets of contracts in which one party (the principal) engages another party (the agent) to perform a service on the behalf of the principal. It involves delegating part of the decision-making authority to the agent. This theory has been variously employed to study both general project successes in principal-agent settings in which one group of people have delegated the responsibility of strategy implementation to another [7].

The proposed study will borrow arguments from the agency theory and conceptualize the same in strategy implementation. In this case, the principal refers to the top management that formulates the strategy while the agents are the middle management to whom the responsibility of implementing the strategy is delegated. Incentives, information and modes of communication influence the implied contractual relationships that exist between principals and agents; that is how principals select agents and how the selected agents consequently behave. The authors further assert that the challenge in agency relationship emanates from the assertion that the principal and the agent have different goals and objectives. It can also be occasioned by the principal's failure to determine if the agent has behaved properly. This problem is oftentimes

referred to as "opportunism" by the agent. Agent opportunism can be curtailed by ensuring that there is alignment of incentives between the principal and the agent. Information systems (IS) can also be employed to curb agent opportunism since IS enables the principal to track down the agent's behaviour. Agency theory puts across two types of opportunism: adverse selection and moral hazard. The former is characterized by the misrepresentation of ability by the agent. For instance, the agent may claim to possess the requisite skills or capacity when they are being recruited; nevertheless, the principal may not be in a position to ascertain the truth at the time of recruitment or even when the agent is working. Moral hazard is associated with the shirking by the agents. In other words, the agent may fail to input the agreed upon effort.

In this study the researcher will put into consideration that both the principals and the agents come from the same organization. In state corporations, the senior management acts as the principal and is entitled to formulate strategies. On the other hand, the middle level managers act as the agents, and are as such mandated by their seniors to implement the strategies. However, the middle-level managers may fail to have the requisite skills, abilities or even the willpower to ensure that strategies are implemented. This is to the detriment of the overall organization.

## 6.2 Empirical Literature Review

The section reviews the previous studies that have been carried out touching on the role of middle-level managers especially in strategic implementation.

### 6.2.1 Involvement of Middle Level Managers in Strategy Implementation

It is posited that modern organizations face considerable shifts in environment. As such, technological developments oblige firms to adopt new technologies and build new interfaces with customers and suppliers [18]. They further observe that industry consolidation has increased pressure on senior management planning as the number of mergers and acquisitions increases. Likewise, competition for customers and resources is also growing. Needless to say, this pressure forces organizations to change strategies [5]. Middle Level Management is a layer of management in an organization whose primary job responsibility is to monitor activities of subordinates while reporting to upper management. The top management of an organization crafts the organizations' strategies and passes them through the middle level management to be implemented in the whole organization. Institutions spend a lot of time and commit their most expensive resources to drawing up elaborate plans while little is done to prepare to clarify and prepare those who will be expected to implement these proposals. It has been argued that achievement of organizational objectives is not pegged on bad strategies, rather it is blamed on poor implementation of the laid down strategies. It is, therefore, necessary to establish the role of middle level management in strategy implementation [8].

Essentially, middle level managers are very crucial strategic change drivers. These managers are confronted by myriads of challenges in executing this role. They are mandated by

the top management to implement new strategies. Arguably, middle level managers work in very complex environment since, they have to manage relationships with top management, respond to queries from all parts of the organization and also overcome resistance from their teams. They have to strike a workable balance between implementing the change and keeping normal business functions operating. These managers also continue to manage relationships with customers, suppliers and other external stakeholders. These interactions often require compromises that are, however, not aligned to the new strategy [8].

Though many other people (including the top managers, consultants and other employees) are involved in strategy implementation, middle level managers face particular challenges in their position between top and operational levels of management. The scholar further notes that, these managers are very crucial to the success of strategy implementation due to their strong influence on the way operational level personnel interpret, adapt and implement new strategy. It is argued that middle managers act in a social context and as such their day-to-day activities are also a factor in strategy formation [25]. Thus, they not only implement but also formulate strategy [4]. It is also observed that the conservative responsibility of the middle level manager in training, guiding, and motivating subordinate behaviour plays a very vital role in this success.

The role of middle level manager changed from that of an order transmitter to a more active participant in strategy formulation and as boundary spanner who facilitates strategic conversations and information flows [22]. Three different views of the middle level management [18] have emerged from this base. It is perceived that middle level managers as implementers of strategies defined by the top management [14]. It is further argued that formulating a strategy is difficult [13]. Nevertheless, making strategy work, that is, executing or implementing it throughout the organization is even more difficult. It is asserted that the role of middle managers is that of participating in strategic conversations and also being boundary spanners between top management and lower levels. Thirdly, middle level management is viewed as being the key strategic actor in making strategic changes [5].

It is also noted that if middle management do not think that the strategy is the right one, or do not feel that they have the requisite skills to implement it, and then they are likely to sabotage its implementation [12]. The Author refers to groups within the organization who will inevitably disagree with the strategy. These groups may sabotage strategy execution by deliberate actions or inactions, if the strategy may reduce their power and influence.

## 7. Research Methodology

In this study, a descriptive research design was applied since the major purpose of this kind of research is description of the state of affairs as they exist [17]. The researcher also carried out a survey of the various middle-level managers within the scope of the sampled population. Survey method is asserted to be one of the most appropriate quantitative research methods. The questions in the questionnaires were

modelled on a Likert scale, and the numerical data was in line with survey methods.

The target population of the study constituted 154 middle level managers in Kenya Power, West Region. Out of these, a sample of 137 respondents was extracted using stratified random sampling method. A pilot test constituting 10% of the targeted respondents was conducted prior to the main study in order to assess both the reliability and validity of the research instrument. Reliability was tested by use of the Cronbach alpha while content and face validity were determined by the help of the University's supervisors.

The collected data was processed and analyzed using the SPSS analytical tool. Data analysis was carried out using both descriptive and inferential statistics.

### 7.1 Research Findings

A total of 137 questionnaires were issued to the respondents who had been sampled from the target population. The researcher managed to collect a total of 107 questionnaires which had been adequately filled. This represented 78.10% response rate.

### 7.2 Descriptive Analysis

The researcher wanted to find out the level of involvement of middle level managers in strategy implementation. Table 1 indicates the results of the findings. The descriptive analysis was in form of measures of central tendency and variability. These were in form of mean ( $\bar{x}$ ) and standard deviation ( $\sigma$ ) respectively.

**Table 1: Middle Managers' Involvement**

	<i>n</i>	<i>Min</i>	<i>Max</i>	$\bar{x}$	$\sigma$
i. Middle level Managers are Consulted in Strategy Formulation	107	1	4	1.99	.995
ii. There has been adequate Training in Strategic Planning & Implementation	107	1	5	2.31	.895
iii. The Motivation Level to ensure Goals & Objectives Achievement is very high	107	1	5	2.79	.789
iv. Meetings are held regularly to discuss the Company's Direction	107	1	5	2.64	1.012
v. Middle level Management often Participates in Strategy Implementation Review	107	1	5	2.69	.757
vi. There are Rewards for Successfully Attaining the Set Targets	107	2	5	3.26	.862
vii. Top Management Appreciates the Middle level Management's Work	107	2	5	3.18	.656
viii. The Achievement of Strategic Plan was Successful	107	1	4	2.45	.676

According to the findings, the standard deviations across almost all factors touching on middle-level managers' involvement were less than 1 ( $\sigma < 1.000$ ). This implied that most of the respondents held closely related opinions

regarding middle level managers' involvement in strategy implementation. Most of the respondents returned means close to 3.00 (neutral) which was inferred to mean that they were indifferent regarding these managers' involvement. It is important to note that on average respondents disagreed ( $\bar{x} \approx 2.00$ ) that middle level managers were involved in strategy implementation and that there has been adequate training in strategic planning and implementation. They also disagreed that the achievement of the strategic plan was successful.

### 7.3 Inferential Analysis

In this case, the researcher wanted to investigate the degree of effect, if any, of middle-level managers' involvement on the implementation of strategy at Kenya Power. Table 2 illustrates the findings of the pertinent analysis.

**Table 2:** Relationship between Middle-level Managers' Involvement and Strategy Implementation

		Strategy Implementation
Middle-level Managers' Involvement	Pearson Correlation	.582**
	Sig. (2-tailed)	.000
	n	107

\*\* . Correlation is significant at the 0.01 level (2-tailed).

According to the findings it was established that there exists a positive and moderately strong relationship ( $r = 0.582$ ;  $p < 0.01$ ) between involvement of middle-level managers and strategy implementation. This is interpreted to imply that the more involved the middle level managers are, the more effective strategy implementation is likely to be; and the less involved they are, the less effective the strategy implementation is bound to be.

## 8. Summary, Conclusions and Recommendations

The chapter summarizes the study findings and then draws conclusions before suggesting pertinent recommendations. The summary, conclusions and recommendations are in respect to the study objectives.

### 8.1 Summary

Most of the respondents were indifferent as to whether middle level managers are involved in strategy implementation. They were also unsure whether or not there has been adequate training in strategic planning and implementation. They also disagreed that the achievement of the strategic plan was successful. It was established that there exists a positive and moderately strong relationship between involvement of middle-level managers and strategy implementation.

### 8.2 Conclusions

It was concluded that it is unclear whether or not middle-level managers are involved in strategy implementation and whether or not there is adequate training in strategic planning and implementation. The major conclusion, however, was that the involvement of middle-level management in strategy implementation is very crucial.

### 8.3 Recommendations

It is recommended that middle-level managers should be involved in strategy implementation since their input has been argued to be very crucial in that process.

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