The Influence of Organizational Culture on Change Management in the Energy Sector.

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Population (2015) 46,050,302
23% has access to electricity
Energy imports net - 18.15% (2013)
Fossil fuel Energy consumption – 18.13% (2013)
The energy sector in Kenya is largely dominated by petroleum and electricity, with wood fuel providing the basic energy needs of the rural communities, urban poor, and the informal sector.
Heavy dependency on wood fuel and other biomass that account for 68% of the total energy consumption (petroleum 22%, electricity 9%, others account for 1%).
Electricity access in Kenya is low despite the government’s ambitious target to increase electricity connectivity from the current 15% to at least 65% by the year 2022 (World Bank 2016).
Background

- High costs for connectivity to the national grid – Ksh. 35,000.
- The rate of grid-based rural electrification by KPLC is far below the rate of increase in potential customers, despite a levy on electricity bills to fund it.
- Innovative approaches to off-grid electrification are helping to make up for the lack of grid-based rural electrification - the Rural Electrification Authority (REA) (2006)
Key challenges in the energy sector include:

- Demand vs Supply deficits e.g. wood fuel annual demand is 35 million tons annually, supply is only 15 million tons.
- Policy framework, laws and regulations – formulated in 2004, but now we see high oil prices.
- Lack of incentives or subsidies for household solar PV systems.
- The country’s greenhouse gas emissions are rising quickly – 50% over the last decade.
- Change must happen.
Why and How will this change happen?

- Africa is undergoing a remarkable energy transformation
- In Africa, 620 million people have no electricity, yet this is critical to the success of global efforts to tackle poverty.
- The Sustainable Development Goals (SDGs), adopted a year ago in New York embrace the need for economic development that leaves no one behind and gives everyone a fair chance of leading a decent life.
- The seventh goal acknowledges the importance of “affordable, reliable, sustainable and modern energy for all”.
- Energy is also essential for all the other targets, including eradicating extreme poverty, eliminating avoidable child deaths, and achieving universal secondary education, more inclusive growth, gender equity and sustainable land-use
So what is Change Management?

- Defined in many ways but this paper looks at it as the “strategy of planned and systematic change” that is achievable through the influence of the structure of the organization; its corporate culture and the behavior of the individual members (Kneer, 2013).
- This fits well with the planned and systematic change that KenGen has initiated through the Good to Great (G2G) strategy, hence the need to understand organization culture.
- Mustafa (2013) looks at organizational culture as a pattern of basic assumptions that are invented, developed or discovered by a given group in the process of coping with problems of internal integration and external adaptation.
It is worth noting that

- Whereas change management seeks to take an organization from one level to another, many factors determine the success or failure of the change management initiatives.

- One of these factors includes the culture of the organization, which could either inhibit or enhance change management.

- This paper was biased towards values, norms and rites/rituals as elements of culture and how each and severally influence change management in energy sector.
The Problem

- Organizational values are the philosophies, views and goals that members of an organization share – can these predict the attitudes that facilitate change and organizational learning?

- Norms refer to the “specified modes of prescribed or socially sanctioned behavior” (Ehrhart, Schneider, & Macey, 2014) – do these create an environment in which the change that an organization embraces can received?

- Rites, rituals and ceremonies are an overt display of the culture of an organization (Wood, 2014) – can these be used at some specific times to influence the “behavior and understanding” of the members of an organization?
Objectives

- To determine how organizational values influence change management in the energy sector in Kenya
- To establish the influence of organizational norms on change management in the energy sector in Kenya
- To examine the influence of organizational rites and/or rituals on change management in the energy sector in Kenya
Methodology

- A descriptive research design
- The target population included the 445 employees at KenGen Headquarters in Nairobi
- A sample of 67 was derived through stratified and simple random sampling techniques.
- A questionnaire was used to collect data
- The study achieved an 80% response rate
- Data was analyzed using the Statistical Package for Social Sciences (SPSS).
Results

Demographics:
- 64% male and 36% female,
- 32% were aged between 31 – 40 years;
- 45% had a first degree; and,
- 44% had worked at KenGen for 6 – 10 years.
Was there a well established change management process?
Response to External Stimuli

![Bar Chart]

- **Strongly Agree**: 50%
- **Agree**: 30%
- **Uncertain**: 12%
- **Disagree**: 9%
- **Strongly Disagree**: 0%
Proactive Change Management Process

- Strongly Agree: 65%
- Agree: 28%
- Uncertain: 3%
- Disagree: 5%
- Strongly Disagree: 5%
Existence of Professional Change Agents

EARMAC Culture Presentation 2016
Strong Capacity for Change Management
Incorporation of Control Mechanisms

- Strongly Agree: 62%
- Agree: 29%
- Uncertain: 1%
- Disagree: 2%
- Strongly Disagree: 7%
Change Management as influenced by Culture
Model summary

- The R square value was (0.601) indicating that (60.1%) of change management was as a result of organization culture.

- A significant relationship between change management and organization culture with a beta coefficient of (0.578) was found.
Organizational Values and change Management
(15%) of the respondents strongly agreed, (62%) agreed, (3%) were uncertain, (14%) disagreed and finally (6%) strongly disagreed that the organization values of KenGen were consistent with the values of the individual employees.

(18%) of the respondents strongly agreed, (65%) agreed, (4%) were uncertain, (11%) disagreed while (2%) strongly disagreed that the organization values of KenGen influence the behavior of the staff at the organization.

(27%) of the respondents strongly agreed, (65%) agreed, (45%) were uncertain while (4%) disagreed as (10%) strongly disagreed that organizational values of KenGen provided the direction that the organization was headed towards.

(31%) of the respondents strongly agreed, (62%) agreed, (3%) were uncertain while (4%) disagreed as (2%) strongly disagreed that organizational values of KenGen enhanced the implementation of the G2G strategy.
Values and Employee Behavior

- The R square value was (0.561) indicating that (56.1%) of change management was as a result of organization values.
- A significant relationship between change management and organization values with a beta coefficient of (0.557) was found to exist.
Organizational Norms and Change Management
Organizational Norms and Change Management

- The R square value was (0.352) indicating that (35.2%) of change management was as a result of organization norms.
- A significant relationship between change management and organization norms with a beta coefficient of (0.586) was found to exist.
Rites and Rituals and Change Management
Rites and rituals and Change Management

- The R square value was (0.296) indicating that (29.6%) of change management was as a result of organization rites.
- A significant relationship between change management and organization rites with a beta coefficient of (0.292) was found to exist.
Regression Analysis

- The R square value was (.807) indicating that (80.7%) of change management is as a result of organization values, norms and rites/rituals.
- Overall, there was a positive significant relationship between change management and organization values (beta .446), norms (beta .430) and organization rites (beta .398).
Conclusions

- A well-established and proactive change management process is important for the successful operation of an organization.
- Change implementation is sometimes faced with resistance from employees but how an organization structures its change management process is key.
- Every aspect of change in an organization demands that the individuals within it change their behavior in order to align to the new strategy and effectively manage the proposed changes.
- The changes being managed are within the organization and thus can be controlled.
- The task of managing change however involves analyzing the impact the change will have on people.
Conclusions

- Organization values should be consistent with the values of the individual employees
- Organizational norms help in maintaining the quality of output
- The rites/rituals of an organization motivate the staff to give their best at their assigned task and also foster a shared understanding amongst the employees hence help them to embrace change introduced in the company.
Recommendations

- Various entities within the energy sector should be encouraged to adopt well-documented change management processes within their operations.

- The various entities to consider the various organization value aspects for instance, mission, change creation, customer focus and empowerment when they aim to achieve substantive change management.
Thank you for listening
Comments? Questions?