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JANE NJENGA, DR. TOBIAS OLWENY

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[1] Jane Njenga, and [2] Dr. Tobias Olweny

[1]Jomo Kenyatta University of Agriculture & Technology (JKUAT), Kenya

[2]Jomo Kenyatta University of Agriculture & Technology (JKUAT), Kenya

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ABSTRACT

In today's highly dynamic business environment, the demand for quality is one of the most critical survival elements for most organizations. Kenyan energy sector parastatals endeavor to improve their performance through operational efficiency that has led them to adapt Quality Management Practices enshrined in ISOs Quality Management Principles that provide guidelines and rules that govern action in organizations. Parastatals are under tremendous pressure to control their costs and improve their services and products to satisfy the needs of the customers. Though parastatals in Kenya have adopted quality management practices, the relationship of the adopted quality management practices and performance of the energy sector parastatals has not been empirically tested. The purpose of this study was to investigate the relationship between quality management practices and performance of energy sector parastatals. The objectives of the study were to: determine the extent to which top management commitment contributes to parastatals performance; establish effects of continuous improvement of products and services on parastatals performance; find out the extent of employee involvement in energy sector parastatals and its effect on performance, and; establish the extent of customer focus in the parastatals and how it is linked to overall parastatals performance. This study was a descriptive survey. The population of this study was the 1066 management level employees from nine energy sector parastatals in Kenya. Stratified sampling was applied to select 400 respondents from the population. This study utilized questionnaire as the data collection instrument. Both primary and secondary data was used. Secondary data was sourced from parastatals annual financial statements, regarding to profitability. Analysis was through descriptive statistics, regression and correlation which were through Statistical package for Social Sciences (SPSS v 16). Presentation of results for both the descriptive and inferential statistics was through tables. Study results indicated that top management support, employee involvement and customer focus were significant factors in affecting parastatal performance. Continuous improvement did not have a significant influence on parastatal performance. The study makes the following recommendations. Firstly, parastatals should focus on increasing the direction and leadership provided by top management in enhancing quality. Secondly, empowerment of front-line staff and technicians could be fundamental to achieving and improving the level of service quality. Third, parastatals should ensure that communication in the organization is free and smooth. Lastly, the parastatals should build a strong culture that is built around the customer. A strong culture which enhances customer orientation and an understanding of service quality is identified as crucial for the successful management of quality principles.

Keywords: top management commitment, continuous improvement, products and services, customer focus and employee involvement

INTRODUCTION

In today's highly dynamic business environment, the demand for quality is one of the most critical survival elements for most organizations. Quality is indeed vital in determining the economic competitiveness of an organization in the ever expanding global environment, through extraordinary levels of performance by providing quality products with competitive prices as required by demanding customers. Punnakitikashem, Laosirihongthong, Adebanjo and McLean (2010) contended that organizations have responded by using quality based strategies as these are associated with gains in productivity and profitability and can provide a competitive advantage. The concept of quality management has been developed as a result of intense global competition.

Globally, Baird, Hu and Reeve (2011) noted that the cultural dimension, teamwork and respect for people is the most important factor in enhancing the use of quality management practices, while more outcome oriented and innovative business units were also found to use quality management practices to a greater extent. While all the four quality management practices considered were found to be interrelated, only three of the factors (supplier quality management, process management, and quality data and reporting) were found to help to achieve the operational performance goals.

Locally, Muturi, Maranga and Getecha (2013) established that small and medium manufacturing (SMMIs) companies exercise quality management practices in one way or another but have very poor implementation levels. They noted that quality management practices tested had no significance influence on organizational performance. However, the study observed that quality management practices may play a huge role but poor implementation levels and adoption rate in the operations of SMMIs in the manufacturing sector explains the insignificant effect. The current study seeks to establish the effect of quality management practices on performance of energy sector parastatals in Kenya.

Laohavichien, Fredendall and Cantrell (2011) observes that organizations top management can use management approach based on some of, or all the eight of the quality management principles enshrined in ISOs quality management that provide guidelines and rules that govern action in organizations, to continually improve performance while addressing the needs of the customer and other stakeholders. These fundamental principles are: top management commitment; continuous improvement and innovation of products and services; mutual beneficial supplier relationships, employee involvement, process approach, factual decision making approach, systems approach to management and customer focus (Su et al., 2008).

According to, Okwiri, (2012), the fundamental principles are felt in an organization by actions that occur in organization infrastructure, these are referred to as practices. Stakeholders needs require integrated application of the prices, information based practices, infrastructure based practices, customer based practices and suppliers based practices. Organizations normally adopt frameworks and models based on the fundamental principles and practices in order to focus on strategy planning and deployment in the whole organization. Examples of frameworks that organizations may adopt are quality management system (QMS) such as enterprise resource planning (ERP), ISO standards certifications, self-assessment models and business excellence models (Kakooza et al., 2015). An organization can implement any of these frameworks and models so as to achieve greater effectiveness of organizational systems leading to greater productivity and stakeholder satisfaction. Quality management practices can provide a framework through which

organizations can achieve the interests of their stakeholders, deliver goods and services that satisfy customer requirement and emphasize on the whole process management rather than conformance to procedures. The expected outcome is improved performance (Okwiri, 2014).

It is inevitable in the light of this modern competitive business environment that parastatals need to embrace innovations through information systems in order to remain competitive hence the need for quality management systems such as ERP. State owned enterprise are required to streamline and be efficient in order to remain competitive, therefore adoption of ERP Systems and ISO standards is one of the ways where it is likely to yield significant benefits for organizations (Ochieng & Ahmed, 2014).

The energy sector is one of the key areas in which the public sector plays a key role in service provision and economic development. It is one of the ingredients of the achievement of Kenya's economic blue print, Vision 2030 (Vision 2030, 2007). Parastatals in the energy sector are the Rural Electrification Authority, Kenya Petroleum Refineries Limited, Kenya Electricity Generating Company Limited, Kenya Power Company, National Oil Corporation of Kenya, Kenya Pipeline Company, Kenya Electricity Transmission Company Limited, Electricity Regulatory Board and Geothermal Development Company (Ministry of Energy, 2014).

Statement of the Problem

Improved energy sector parastatal performance is increasingly crucial to the Kenyan economy because of its macro-economic effects and because of the key sectors (like energy) controlled by parastatals. The energy sector has performed dismally in Kenya, especially in terms of inefficiency and mismanagement (Mutugi & Ngugi, 2013). Cost of energy remains high in Kenya compared to other countries. The cost of energy in Kenya is on average US$0.150 per KWh which compares poorly with other developing countries, with Mexico (US$0.075), Taiwan and China (US$0.070), Colombia (US$0.064) and South Africa (US$0.040), Institute of Economic Affairs (IEA, 2015). Generally parastatals are characterized by widespread misuse of funds due to lack of proper internal management. Due to this, some of the public corporations have either been privatized, commercialized or adopted quality management practices to make them more efficient and profitable (Ochieng & Ahmed, 2014).

Generally many organizations have implemented quality management practices with the intention of improving organizational performance and satisfying their customers (Talib et al., 2013). Wickramasinghe (2012) notes that many research studies have concentrated on the effect of implementing quality management practices on performance and benefits of quality management practices to organizations. Basir, Davies and Rudder (2011) contend that results of many of the studies conducted have been contradictory with regard to organizational benefits and organizational performance. This agrees with the findings of Costa and Lorente (2007). This study therefore sought to contribute to theory and practice by providing empirical evidence on the extent and success of quality management practices adoption in the energy sector parastatals and relate this to performance in the energy sector parastatals.

Objectives of the Study

i. To determine the extent to which top management commitment contributes to the energy sector parastatals performance;
ii. To establish effects of continuous improvement on products and services on energy sector parastatals performance;
iii. To find out the extent of employee involvement in the energy sector parastatals and its effect on performance
iv. To establish the extent of customer focus in the parastatals and how it is linked to

overall energy sector parastatals performance.

LITERATURE REVIEW

Total Quality Management (TQM) is defined by Saraph, Benson and Schroeder (1989) as a positive attempt by the organizations concerned to improve structural, infrastructural, attitudinal, behavioral and methodological ways of delivering to the end customer, with emphasis on: consistency, improvements in quality, competitive enhancements, all with the aim of satisfying or delighting the end customer. The theory of TQM posits that the objective of adopting TQM is to meet or exceed the needs of the internal and the external customer by creating an organizational culture in which everyone at every stage of creating the product as well as every level of management is committed to quality and clearly understands its strategic importance. TQM considers the customer as the centre of attention and the driving force in the TQM philosophy. Moreover, management commitment is seen as an essential element for TQM success.

The critical factors for TQM success include leadership elements, hard elements and soft elements. Leadership elements include mission and vision statement, quality policy, direction, goals, communication processes, measurement, quality decisions, strategic planning and deployment and customer focus. The hard elements include tools and techniques, measurement, systems, procedures, specifications and standards. The soft elements include problem-solving approach, teamwork, innovation, continuous improvement philosophy, empowerment, incentives and process-based approach. The study will apply this theory as there are elements in quality management principles that are included in the TQM philosophy, most importantly continuous improvement. The theory will hence inform the study on how continuous improvement practices can relate to organizational performance.

Empirical Review

Top managers must direct the entire quality management process at creating values, setting goals and developing systems designed to meet customer expectations and to improve organizational performance. Su, Li, Zhang, Liu and Dang (2008) studied the impacts of quality management practices on business performance. Their study was an empirical investigation from China. This study sought to examine the way quality management practices impact quality outcome, R&D process, and business performance, using investigation data from Chinese firms. The possible moderating effects of industrial types and competition on the above influencing relationships were investigated as well.

A study by Sadikoglu and Olcay (2014) assessed the effects of total quality management practices on performance and the reasons of and the barriers to TQM practices in Turkey. The study applied a cross-sectional survey methodology where the unit of the sample was at the plant level. The sample was selected from the member firms to Turkish Quality Association and the firms located in the Kocaeli-Gebze. The study conducted an exploratory factor analysis and multiple regression analysis. This study revealed that different quality management practices significantly affect different performance outcomes. Results revealed that primary obstacles that the firms in Turkey face were poor leadership from management for quality management practices to be effective.

In Iran, Gharakhani *et al*. (2013) conducted a study aimed at establishing the effect of total quality management on organizational Performance. The study established that organizations that engaged in continuous improvement of their processes, revision of their processes and innovation were better placed

to perform than their peers. Specifically, Gharakhani et al. (2013) observed that continuous process improvement within organizations to provide superior customer value and meet customer needs was successful in Iranian enterprises. Continuous improvement was observed to be a holistic management philosophy that strives for continuous improvement in all functions of an organization, and it can be achieved only if the quality concepts are utilized from the acquisition of resources to customer service after the sale.

A study by Barros, Sampaio and Saraiva (2013) assessed relationship between quality approaches and their impact on Portuguese companies´ performance. Barros *et al*. (2013) observed that although the effects of quality management practices on various performance types are inconsistent, organizational performance measured using returns on assets generally indicated strong and positive relations. The study specifically observed that organizations that involved their employees in production decision making were able to produce quality products and hence meet customer and investor objectives.

Firms involved in quality improvement focus on serving the external customers (Kim and Miller, 2012). They first should know the customers' expectations and requirements and then should offer the products/services, accordingly. By the aid of successful customer focus efforts, production can be arranged with respect to the customers' needs, expectations, and complaints. This encourages firms to produce high quality and reliable products/services on time with increased efficiency and productivity (Heavey *et al*., 2014).

The mixed findings concerning the success of quality management practices poses the question as to whether or not organizations are engaging with quality management practices, and what factors can contribute to successful implementation of quality management practices. In particular, the importance of an organizational culture that is conducive to quality management practices is frequently referred to in the literature (Kumar & Sankaran, 2007). However, despite the widespread acknowledgement of the important role of organizational culture in ensuring successful quality management practices implementation, there is a gap in the empirical literature examining the quality management practices adopted and organizational performance. Various studies have focused on different practices.

RESEARCH METHODOLOGY

This study was a descriptive survey. This design was applied on the energy sector parastatals in Kenya to establish how they implement quality management practices and the effect of that on their performance. The population of this study was the nine Energy Sector Parastatals in Kenya (Ministry of Energy, 2014)

Lower, middle and top level management staff of these parastatals was the study respondents. It is estimated that the total respondents targeted for the parastatals were 1066 employees. The headquarters of each parastatal in Nairobi was targeted. Nairobi was selected since the policies and practices applied in the organization emanate from the headquarters. The sample size for this study will be 400 respondents.

This study utilized questionnaire as the data collection instrument. Data analysis was through both descriptive and inferential statistics. Descriptive statistics that were utilized include percentages, mean scores and frequency distributions. These were utilized to enable a description of the various data that was collected. Inferential statistics that were utilized include regression and correlation analysis. Regression analysis was applied to perform the t and f-tests that assisted in establishing the effect of the four quality

management practices on performance of energy sector parastatals. The regression model was of the form:

$Y= \beta o+ \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$

Where, Y= Performance of energy sector parastatals

β_0 = Constant

β_i = Regression coefficients

X_1 = Top management support

X_2 = Employee involvement

X_3 = continuous improvement and innovation

X_4 = Customer focus

ε = Error term

RESEARCH FINDINGS AND DISCUSSION

A sample of 400 from the nine energy parastatals headquarters in Nairobi was selected to participate in the study. This sample consisted of management level employees. Out of these 400 sampled respondents, 208 returned their responses which was a 52% response rate.

Table 1: Response Rate

Response	Frequency	Percent
Returned	208	52%
Unreturned	192	48%
Total	**400**	**100%**

Descriptive Statistics

Top Management Support

The first objective of the study was to determine the extent to which top management commitment contributes to the energy sector parastatals performance. Table 2. The study results indicate that respondents agreed to the statement that 'Senior management have made provision for training all the employees for effective management of quality' (4.32) and also that 'Senior management have established corporate quality goals and make them an integral part of the organizational plan' (3.87). Further results indicate that respondents agreed to the statements that 'Senior management review results against quality goals on a regular basis' (3.73), and also agreed that 'Senior management have established the means for measuring quality results against quality goals' (4.32). However, respondents disagreed to the statement that 'senior management provides recognition for superior quality performance' (2.30) and also disagreed that 'senior management has set up and serve on the company's quality council' (2.23). These results indicate that though the parastatals seem to have established quality goals, the top management had not adopted practices such as heading quality councils, rewarding quality achievements and driving and directing quality practices.

Table 2: Top Management Support

Statement	Mean Score
The top management has committed enough resources for implementation of quality issues	3.21
Senior management has set up and serve on the company's quality council	2.23
Senior management have established corporate quality goals and make them an integral part of the organizational plan	3.87

Senior management have made provision for training all the employees for effective management of quality	4.32
Senior management have established the means for measuring quality results against quality goals	3.56
Senior management review results against quality goals on a regular basis	3.73
Senior management provide recognition for superior quality performance	2.30
Senior management revisit reward systems and ensure that they are completely compatible with changes demanded by world-class quality	2.48
Top management drives and directs quality practices	2.32

Continuous Improvement

The second objective of the study was to establish effects of continuous improvement on products and services on energy sector parastatals performance. The results in table 3 indicate that there was agreement to all the statements that were put forward. Specifically, respondents agreed to the statement that the statement that the parastatals have clear, standardized and documented process instructions which are well understood by the employees (4.32) and also agreed that the organization have continual improvement policies (4.21). Moreover, respondents agreed that the organization continually works on minimizing defects and errors (4.15), The organization conducts performance review for its products and services (4.08) and that The organization uses statistical process control to monitor and control processes (4.07). These results indicate that the parastatals had largely adopted continuous improvement practices aimed at improving the energy products and services.

Table 3: Continuous Improvement at Energy Parastatals

Statement	Mean Score
The organization have continual improvement policies	4.21
The organization conducts performance review for its products and services	4.08
The organization has a research team to provide innovative solutions for its products and services	4.13
The organization uses statistical process control to monitor and control processes	4.07
The organization continually works on minimizing defects and errors	4.15
The concept of the "internal customer" (i.e. the next process down the line) is well understood in our company	3.75
We have clear, standardized and documented process instructions which are well understood by our employees	4.32
Our stakeholders are actively involved in our new product or service development process	3.96

Employee Involvement

The third objective of the study was to find out the extent of employee involvement in the energy sector parastatals and its effect on performance. The results are presented in Table 4. The results show that respondents agreed to the statements that 'Organization has suggestion forums where

employees air their views freely (4.12) and that the parastatals had an organization-wide training and development process, including career path planning, for all our employees (3.97). Results further indicate that respondents agreed that Employees are rewarded and motivated for providing quality service (3.86) and Employee flexibility, multi-skilling and training are actively used to support quality improvement (3.73). However, respondents disagreed that the organization always maintain a work environment that contributes to the health, safety and well-being of all employees (2.18) and also that Employees are empowered to make decisions in regard to quality (2.12). These results indicated that some aspects of employee empowerment such as training and rewards are practices but the energy parastatals do not provide requisite focus on involvement of employees in decision making and employee welfare.

Table 4: Employee involvement at Energy Parastatals

Statement	Mean Score
The organization engages employees into quality teams	3.31
The organizational has inter-departmental quality control teams that meets to discuss quality issues	3.67
Organization has suggestion forums where employees air their views freely	4.12
Employees are empowered to make decisions in regard to quality	2.12
Employees are rewarded and motivated for providing quality service	3.86
We have an organization-wide training and development process, including career path planning, for all our employees	3.97
The organization has maintained effective communication both “top-down” and “bottom-up” communication processes	2.62
Employee flexibility, multi-skilling and training are actively used to support quality improvement	3.73
We always maintain a work environment that contributes to the health, safety and well-being of all employees	2.18

Customer Focus and Parastatal Performance

The fourth objective of the study was to establish the extent of customer focus in the parastatals and how it is linked to overall energy sector parastatals performance. The results in table 5 indicate that respondents agreed to the statement that ‘The organization has an effective process for resolving customers' complaints’ (4.16) and also agreed to the statement that the level of service delivery to customers was satisfying (4.12). However, respondents disagreed to the statements that ‘The organization actively and regularly seek customer inputs to identify their needs and expectations’ (1.58) and ‘Management measures customer satisfaction though surveys’ (2.19). Similarly, respondents disagreed with the statements that ‘Organization ensures that it communicates and balances the needs and expectations of all interested parties’ (2.58) and also disagreed to the statement that ‘Customer needs and expectations are effectively disseminated and understood throughout the workforce’ (2.34). These results show that the parastatals were poor in researching on customers’ needs and hence were unable to establish the needs and expectations of customers. However, the study determined that despite this, the parastatals were

able to effectively deal with customer complaints and also deliver quality services.

Table 5: Customer Focus at Energy Parastatals

Statement	Mean Score
The organization actively and regularly seek customer inputs to identify their needs and expectations	1.58
Customer needs and expectations are effectively disseminated and understood throughout the workforce	2.34
Organization establishes and understands current and future customer needs	3.25
I am satisfied with the level of service delivery to customers	4.13
The organization has an effective process for resolving customers' complaints	4.16
Management measures customer satisfaction though surveys	2.19
Organization ensures that it communicates and balances the needs and expectations of all interested parties	2.31
The organization is effective in terms of managing customer relationships	3.14

Correlation Results

A correlation analysis was performed to establish the relationship between the variables under study. Pearson partial correlation coefficients were established for all the variables with findings as indicated in Table 6. The study results indicate that there were moderate positive correlation between employee involvement and parastatal performance (0.409) but a strong positive correlation between customer focus and parastatal performance (0.654). These findings imply that improvement in employee involvement would lead to significant moderate improvement in performance of parastatals. Improvement in customer focus would also result in significant and great improvement in parastatal performance. However, results indicate that there was weak positive relationship between top management support and parastatal performance (0.291) and between continuous improvement and parastatal performance (0.195). These findings imply that improving top management support and continuous improvement in quality management processes would lead to a small improvement in parastatal performance.

Table 6: Correlation of the Study Variables

	1	2	3	4	5
1. Top management support	1				
2. Continuous improvement	0.102	1			
3. Employee involvement	0.137	0.122	1		
4. Customer Focus	-0.102	-0.037	0.550	1	
5. Performance	0.291	0.195	0.409	0.654	1

Regression Results

The adjusted r-squared for the regression model was 0.517 as indicated in Table 7. The model therefore is explaining 51.7% of the change in performance of parastatals using the four independent variables. These findings indicate that the four independent variables selected can explain 51.7% of the change in performance of energy parastatals while 48.3% of the parastatals performance is explained by factors that were not included in the model. The other factors that can influence performance include management efficiency, supply chain management, amount of physical and financial resources available for the firm, level of competence of employees and level of coordination of organizational departments and processes.

Table 7: Coefficient of Determination

R	R Square	Adjusted R Square	Std. Error of the Estimate
.719	.517	.487	.40131

The analysis of variance was computed to establish whether the model had any significant predictive power. The results presented in Table 8 indicate that the model had predictive power and was useful in predicting performance using the four quality management practices applied ($f = 46.099$; $p < 0.05$).

Table 8: Analysis of Variance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	20.816	4	5.204	46.099	.000
Residual	22.239	197	0.113		
Total	43.055	201			

a. Dependent Variable: Performance

b. Predictors: (Constant), TMS, CI, EI, CF

The test of the statistical significance of the independent variables in the model was done using t-tests. Results are presented in Table 9.

Table 9: Test of Significance of Independent Variables

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.988	.571		3.479	**.001**
TMS	.382	.172	.292	2.221	**.009**
CI	.207	.144	.106	1.438	.173
EI	.441	.150	.374	2.941	**.002**
CF	.397	.172	.348	2.308	**.007**

The results in Table 9 indicates that top management support had a positive coefficient when used as a predictor of parastatal ($\beta = .382$; $p < 0.05$) and had a t-statistic of 2.221. This indicates that top management support is a significant factor in determining performance of energy parastatals. The implication of the findings is that improvement in top management support in regard to quality practices in energy parastatals increases the performance of the parastatals.

Continuous improvement was not a significant factor in determining performance of parastatals ($\beta = .207$; $p > 0.05$). This indicates that enhancing continuous improvement practices in the energy parastatals do not significantly affect performance of the parastatals.

Employee involvement had a positive coefficient in the regression model ($\beta = .441$; $p < 0.05$) indicating that an improvement in employee involvement will have a significant positive effect on performance of energy parastatals. The t-statistic was 2.941 which was significant at 5% significance level. This indicates that employee involvement in quality initiatives is a significant factor in determining performance of energy parastatals.

Customer focus was a positive factor in influencing performance of energy sector parastatals ($\beta = .397$; $p < 0.05$). The t-statistic for customer focus was 2.308 which indicated that improvement in customer focus by the energy sector parastatals can have a positive and significant effect on their performance.

Conclusion

After considering the study findings, the study makes the following conclusions. First, top management support is an important factor in determining performance of energy sector parastatals in Kenya. Leadership puts other quality management practices into action. Without sound leadership, the quality control process would be likely far less effective.

Secondly, continuous improvement is not a significant factor in determining performance of energy sector parastatals in Kenya. The parastatals were observed to have good continuous improvement practices. Knowledge and successful process management practices in monitoring data on quality, reducing errors or mistakes in the processes and process improvement by means of controlling the processes periodically and monitoring data on quality continuously were practiced.

Third, employee involvement is a significant determinant of performance of parastatals in the energy sector. Employee flexibility, multi-skilling and training were observed to be strong factors that make employees better prepared for quality improvement. The parastatals were observed to provide training and rewards to employees. However, there were other practices which the parastatals were lacking on including communication, motivation, employee welfare and involvement in decision making.

Lastly, customer focus is a positive factor in influencing performance of energy sector parastatals. Focus on external customer by the parastatals was however poor. This is indicated by the lack of emphasis on knowing the customers' expectations and requirements. By the aid of successful customer focus efforts, service delivery can be arranged with respect to the customers' needs, expectations, and complaints.

Recommendations

Policy Recommendations

The study recommends to policy makers to ensure that in implementation of quality management practices in energy parastatals, the practices of top management support, employee involvement and customer focused should be stressed. However, this does not mean that other quality management

practices should be overlooked. The policy maker in the energy sector, the Ministry of Energy and Petroleum, should ensure that all the parastatals in the energy sector implement all the eight quality management practices effectively but more focus should be paid to the practices to have an effect on performance of energy sector parastatals.

Managerial Recommendations

The study makes the following recommendations to management. First, parastatals should focus on increasing the direction and leadership provided by top management in enhancing quality. Leadership in quality management is critical as it supports employee development; establish a multipoint communication among the employees, managers, and customers and enables use of information efficiently and effectively. In addition, leaders encourage employee participation in decision-making and empower the employees. Top management commitment and participation in quality management practices are the most important factors for the success of quality initiatives.

Secondly, empowerment of front-line staff and technicians could be fundamental to achieving and improving the level of service quality. Allocating firm resources to employee empowerment pays off as professional employees know advanced statistical techniques, concepts of quality, basic characteristics of their industry, and the structure and processes of the firm. Furthermore, treating employees as a valuable resource increases their loyalty to the firm, motivates them and makes them proud of their jobs, improves their work-related performances, decreases absenteeism, and reduces intentions to quit. Engaged employees will increase quality, reliability, and timely delivery of the services.

Third, parastatals should ensure that communication in the organization is free and smooth. Communication is regarded as critical in supporting service quality. Downward communication enables employees to deliver what customers expect from the company. Upward communication allows employees to provide management with information about customers. It also enables front-line staff to articulate what they need in order to meet customers' requirement. Therefore, a lack of communication will result in frustration when important information is not transferred and which in turn could cause customer dissatisfaction and poor service quality. Moreover, communication maintains employees' motivation and interest which in turn will lead to their commitment to the firm and to service quality.

Lastly, the focus of the organization should be on the customer. The parastatals should build a strong culture that is built around the customer. A strong culture which enhances customer orientation and an understanding of service quality is identified as crucial for the successful management of quality. Organizational culture or a service-oriented culture has a powerful impact on employees' behavior and service delivery. Moreover, management in the service sector do not have direct control over quality nor over service employees' behaviour, so a strong service-oriented culture which truly inspires employee behaviour can give guidelines for right and proper behaviour toward customers.

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