COMPETITIVE STRATEGIES ADOPTED BY SMALL MOBILE TELEPHONE PROVIDERS:
A CASE STUDY OF AIRTOUCH CONNECTIONS LIMITED

BY:

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A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA) OF THE UNIVERSITY OF NAIROBI

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DECLARATION

This project report is my original work and has not been submitted for examination in any other university.

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This project entitled has been submitted for examination with my approval as University Supervisor

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DEDICATION

I dedicate this project work to my dear wife Jackline Kemunto and children who have made sacrifices to see me through my MBA studies.

ABSTRACT

This study was undertaken to identify the competitive strategies employed by small mobile telephony operators in Kenya to survive the price wars of August 2010 in the sector and also to identify the challenges faced during strategy implementation for the same small operators. To that effect, a case study was done on AirTouch Connections Limited, (ACL) which is the only VoIP licensed company by the Communications Commission of Kenya. This study used primary data collection through a one-on-one interview with the three senior officers of the company. The results of the interviews were analyzed using content analysis. The study findings concluded that the small mobile telephony operators use a diversity of strategies as need and circumstances demand. For survival, they use Differentiation Strategy; Focus Strategy; Diversification Strategy; Niche Marketing; Strategic Alliances; among others.

Among the key challenges identified in strategy implementation for the small operators; financial limitations came out as the most critical; the human resource of the company was also identified as a key challenge; the speed with which the process was implemented; among other challenges. These challenges seem to cut across small and big corporations in the process of strategy implementation.

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LIST OF ABREVIATIONS

ACL	AirTouch Connections Limited
CCK	Communications Commission of Kenya
CEO	Chief Executive Officer
DMC	Dominant Market Competition (Strategy)
GPS	Global Positioning Satellite
ICT	Information and Communications Technology
LAN	Local Area Network
PSTN	Public Switched Telecommunications Network
VoIP	Voice over Internet Protocol
WAN	Wide Area Network

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Companies have been forced by dynamic and intense competitive pressures to re-evaluate almost every aspect of their approach to conducting business (Stanley *et al.,* 1996). These re-evaluations have in turn led to the implementation of dramatic strategic initiatives that range from benchmarking to just-in-time to re-engineering to total quality management. The number of new initiatives implemented in the quest for competitive advantage during the past decade is quite extensive; however, the reality is that while often beneficial, these diverse endeavours frequently fail to yield the requisite improvements in firm performance. According to Kotler (2003), change is inevitable and yesterday's determinants of success can be today's and tomorrow's determinants of failure. Therefore, organizations must respond appropriately to the changes in their environment in order to survive and to achieve their strategic objectives, (Arnold, 1996).

1.1.1 The Concept of Strategy

Strategy embraces the overall purpose of an organization. It is the determination of the basic long-term goals and objectives of an enterprise, adoption of courses of action and the allocation of resources necessary for carrying out those goals. The Kenyan firms, like any other firms, exist in a complex environment that needs to be assessed and responded to appropriately. Thomson and Strickerland (2003), observe that strategies are at ends and these ends concern the purpose and objectives of the organization. They are the things that organizations do, the paths they follow and the decisions they take in order to reach certain points or level of success. Mintzberg, (1994) portrays strategy as a plan, a direction, a guide or course of action into the future and as a pattern, that is, consistency in behavior over time. Most organizations began their strategic planning cycle by updating and revising their business objectives in relation to performance reviews in key areas (such as people, standards and business development), achieved results and development priorities (Teare *et al.*, 1992).

1.1.2 Mobile Telephone Industry

Mobile telecommunication services have been recognized the world over as an important element in the socio-economic development of a country. The cellular phone is a natural extension of the basic telephone service with an added advantage of wireless technology coupled with ease of handling, usage, and mobility. Mobile communication has contributed greatly to an increasingly competitive and close knit globe (Ravichandran, 1999). The telecommunication system has been the fastest growing medium of communication rejuvenating global interface interactions. Since, currently, the telecommunications sector is experiencing phenomenal global change with the liberalization and privatization of the sector; this in turn widens an intense and fierce competition. The system has opened an ocean of opportunities for the potential consumers to enjoy versatile choices among the service providers. Nowa-days, due to breathtaking competition, the telecommunication service providers tend to offer innovative services as well as competitive prices just to attract a handful magnitude of customers. The nature of the competition today in the global telecommunications industry seems to centre on market activities that aim at gaining competitive advantages through strategic combinations of resources and presences in multiple products and geographical areas (Chan-Olmsted & Jamison, 2001). In a competitive market, service providers are expected to compete on both price and quality of services and also to meet the consumer's requirements and expectations in price and service quality (Melody, 2001). Telephone provides ubiquitous social interactions between and among individuals, groups, organizations, and the governments alike and that subsequently makes and operates a broadly networked international environment tying nations, cultures, casts, creeds, national identities and businesses. Worth noting is that the telecommunications industry in Kenya has also been the fastest growing sector keeping appropriate pace with global advancements, especially the mobile telecom market. This development has become a catalyst for the growth of the nation's commercial and industrial sectors.

The telecommunications sector contributed much to the nation's economic growth and development which is consistent with the Kenya National Vision 2030. The growth rate in the use of telecommunications facilities has increased dramatically, especially in the rank of increasing number of mobile subscribers. Currently there are over 22 million mobile subscribers. All telecom firms have developed their VoIP strategies and launched or are launching VoIP services. This will certainly modify telecom business as a whole and to result in deep impacts to the competition and to industry organizations. Services based on VoIP are not only substitute but also complementary to basic voice services based on PSTN. This service can be considered a substitute or complementary at the same time; because it can enhance the basic voice service offered for telecom operators.

They can use this technology to reduce costs and to augment their traditional voice service, enhancing it with nomadic functions, like the remote access through Internet.

1.1.3 AirTouch Connections Limited

AirTouch Connections Limited is a local Application Service Provider and Content Service Provider which has been in operation since September 2006. The company specializes in Information and Communications Technology (ICT) and VoIP. The company currently specializes in internet and internet based services where VoIP has gained overwhelming acceptance across Kenya, and has been the lead revenue earner for the company up to July 2010.

AirTouch Connections Limited had attained the highest level of workforce at twenty three (23) in June 2010 with well over 60 dealers spread across Kenya and abroad. It was generating revenues in excess of Ksh 5 million per month. This was at its best level before the mobile telephony sector was jolted by the sharp price cuts triggered by Airtel (formerly Zain, Kenya) in July/August last year. From this development, things changed for AirTouch Connections Limited and all the other small operators and even the major players in the industry encountered a totally different business experience in their quest to make profits and thus a challenge to stay afloat.

AirTouch has a reputation for excellence and reliability in service delivery. Its short term strategy has been to focus on market penetration and gain a share of the existing telecommunications market in Kenya and globally. The company has adopted the product development strategy to differentiate itself from competition.

As part of its marketing strategy, it has adopted a variety of customer retention techniques. The company only supplies a service/solution after thorough research and testing so as to minimize costs of system change and downtime for its clients. One advantage of VoIP is that the telephone calls over the Internet do not incur a surcharge beyond what the user is paying for Internet access. This is much in the same way that the user doesn't pay for sending individual e-mails over the Internet. AirTouch is offering a more efficient way of making full use of available internet and WAN resources while helping clients to cut down on communications costs. AirTouch is a well tested solution provider for the last three years with a huge retail customer clientele base.

1.2 Research Problem

Ensuring that an organization can compete effectively in the marketplace is one of the principal tasks of management. In an era of transformational change, Huselid (1995) argues that as other sources of sustaining itself in the market have become less important, what remains as a critical differentiating factor in the organization is its employees and how they work. An organization’s strategy must be appropriate for its resources, environmental circumstances and core objectives. The process involves matching the company’s strategic advantages to the business environment the organization faces. One objective of an overall corporate strategy is to put the organization into a position to carry out its mission effectively and efficiently, Gold (1991). A good corporate strategy should integrate an organization’s goals, policies, and action sequences (tactics) into a cohesive whole, and must be based on business realities. Strategy must connect with vision, purpose and likely future trends.

In the last two decades, the development of mobile telecommunications services has extended significantly in all countries. The mobile telecommunications industry has changed from a traditional monopoly into a highly competitive market as a result of the liberalization stream. Regulatory authorities use some regulatory remedies in order to create or improve and maintain a sustainable competitive environment in the mobile telecommunication services markets which will at least provide consumer welfare. The Kenyan telecom industry is one of the fastest growing industries in Kenya. There are four operators competing in the market for the telecom space in Kenya.

In a tariff war (the one started off in July 2010 by Zain Kenya, then), companies try to acquire a larger share of customers by offering special promotions and or rates like per second billing and free minutes. The incumbent operators have responded to the competition as they did not have a choice. While most of the existing operators never wanted to lead the price war, they subsequently responded to the needs of the market for survival. According to Rouvinen (2004), competition between mobile carriers promoted diffusion, encouraged innovation, expanded the network and reduced prices. Tariff rates in Kenya have drastically reduced recently and this is very good for the customers but the telecom companies are facing a severe financial crisis due to declining revenues trend and profit margins. This has adversely affected also the small operators who were offering VOIP services as their prices were low as compared with the mainstream mobile companies. Since the reduction of the tariffs, the companies' customers are now spoilt for a choice of whether to continue with the companies (i.e. VoIP operators) or use the low charges being offered by the mainstream mobile companies now.

Recent studies done on strategic areas includes:- Karanja (2008), who did strategic responses by mobile phone companies in Kenya due to environmental changes and found out that there was a revelation that the mobile phone industry is very competitive and for an enterprise to survive, aggressive marketing should be undertaken. Some of the challenges that have greatly affected the growth of this sector include competition from new entrants, social reforms, political anxieties, technological advancement and globalization. Michieka, (2008) did application of competitive strategies to the challenges of increased competition faced by Safaricom mobile phone airtime dealers in Nairobi Central Business District and found out that the challenges greatly experienced by the respondents were identified to be mainly rivalry among competitors and the ease of new entrants. Competition from sub-dealers was also an issue of great concern to the Safaricom airtime dealers. Most popular types of competitive strategies were on the basis on expanding branch network, offering differentiated services targeting the entire class of customers and Diversification.

This study seeks to answer the following questions:

i. What strategies have been adopted by small mobile telephone operators in the face of the current price wars?

ii. What challenges have been encountered by the small mobile telephone operators in formulating and implementing the new business strategies?

1.3 Research Objectives

The objectives of this study are: -

1. To identify the strategies adopted by AirTouch Connections Limited in the face of price wars by major players.

2. To determine the challenges encountered by AirTouch Connections Limited in adopting strategies to counter price wars by major players.

1.4 Value of the Study

The study will aid various stakeholders: the small telecommunication providers will obtain details on challenges facing the industry as a result of tariff competition. In addition the study will provide the justification to the responses adopted depending on the success obtained.

The findings of this study will also assist mobile phone operators' managers to invest their resources more prudently and efficiently, making changes to crucial quality attributes that elicit the consumers' satisfaction levels. However, the findings of this study may provide needed feedback and contribute to the improvement of the players' strategies and their marketing programs.

The policy makers will obtain knowledge of the telecommunications industry dynamics and the responses appropriate; they will therefore obtain guidance from this study in designing appropriate policies that will regulate the industry to ensure that all the industry players do not suffer as a result of fierce competition. For academicians, this study will form the foundation upon which other related and replicated studies can be based on. Through this study, the investors can also gain an insight on the business and its strategic position within the environment-in Kenya currently, which can assist them in determining the viability of their (intended or existing) investments.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter looks at what other researchers have studied on and what conclusions they have made or a brief of their findings. It will also incorporate what areas have not been addressed fully in relevance to what this study seeks to address.

2.2 The Concept of Strategy

According to Michael Porter (1985), Strategic Management is a process that has three clearly identifiable phases; namely Strategy Formulation; Implementation and Execution. The successful management of this process is dependant on a number of factors, among them the executive and leadership's involvement and commitment to the process; the involvement of all key stakeholders of the process and the available resources to execute the strategy/strategies, among others.

2.3 Types of Strategies

Strategy is an essential part of any effective business plan. By using an effective competitive strategy, an organization finds its industry niche and learns about its customers (Porter, 1980). Porter (1985) asserts that there are basic businesses strategies namely: - differentiation, cost leadership and focus; a company performs best by choosing one strategy on which to concentrate. However, many researchers feel a combination of these strategies may offer a company the best chance to achieve a competitive advantage (Hlavacka *et al.*, 2001). Whatever strategy a business chooses, it must fit with the company and its goals and objectives to gain a competitive advantage (Ross, 1999).

According to Suutari (1999), Porter purports that companies must be competitive to become an industry leader; to be successful both nationally and abroad; and these strategies for gaining competitive advantage apply to all industries in most nations. While various types of organizational strategies have been identified over the years, Porter's generic strategies remain the most commonly supported and identified in key strategic management textbooks and in the literature (David, 2000). Porter's (1980) generic strategies can yield competitive advantage and also ensures long-term profitability, the firm must make a choice between one of the generic strategies rather than end up being “stuck in the middle”

2.3.1 Differentiation Strategy

Differentiation is one of Porter's key business strategies. When using this strategy, a company focuses its efforts on providing a unique product or service (Hlavacka *et al.*, 2001). Since, the product or service is unique; this strategy provides high customer loyalty (Porter, 1985). Product differentiation fulfills a customer need and involves tailoring the product or service to the customer. This allows organizations to charge a premium price to capture market share. The differentiation strategy is effectively implemented when the business provides unique or superior value to the customer through product quality, features, or after-sale support. Firms following a differentiation strategy can charge a higher price for their products based on the product characteristics, the delivery system, the quality of service or the distribution channels. The quality may be real or perceived based on fashion, brand name or image. The differentiation strategy appeals to a sophisticated or knowledgeable consumer interested in a unique and quality product and willing to pay a higher price-a premium price.

According to McCracken, (2002) the key step in devising a differentiation strategy is to determine what makes a company different from a competitor's. Factors including market sector, quality of work, the size of the firm, the image, the geographic reach, involvement in client organizations, product, the delivery system and the marketing approach have been suggested to differentiate a firm (McCracken, 2002). To be effective, the message of differentiation must reach the clients, as the customer's perceptions of the company are important (Berthoff, 2002) and they suggest bending the customer's will to match the company's mission through differentiation. When using differentiation, firms must be prepared to add a premium to the cost (Hyatt, 2001). This is not to suggest costs and prices are not considered; only it is not the main focus (Hlavacka *et al.*, 2001). However, since customers perceive the product or service as unique, they are loyal to the company and willing to pay the higher price for its products.

Some key concepts for establishing differentiation include: speaking about the product to select panels, writing on key topics affecting the company in the association's magazine or newsletter, becoming involved in the community, being creative when composing the company's portfolio, offering something the competitor does not or cannot offer, adding flair and drama to the store layout, providing e-commerce, making access to company information and products both quick and easy, using company size as an advantage, training employees with in-depth product and service knowledge, offering improved or innovative products, emphasizing the company's state-of-the-art technology, quality service, and unique products/services, using photos and renderings in brochures and selecting products and services for which there is a strong local need (Darrow *et al.*, 2001).

2.3.2 Cost Leadership Strategy

This strategy focuses on gaining a competitive advantage by having the lowest cost in the industry. In order to achieve a low-cost advantage, an organization must have a low-cost leadership strategy, low-cost manufacturing, and a workforce committed to the low-cost strategy (Malburg, 2000). The organization must be willing to discontinue any activities in which they do not have a cost advantage and should consider outsourcing activities to other organizations with a cost advantage (Malburg, 2000). For an effective cost leadership strategy, a firm must have a large market share. There are many areas to achieve cost leadership such as mass production, mass distribution, economies of scale, technology, product design, input cost, capacity utilization of resources, and access to raw materials (Malburg, 2000). Porter (1985) purports only one firm in an industry can be the cost leader and if this is the only difference between a firm and competitors, the best strategic choice is the low cost leadership role.

Lower costs and cost advantages result from process innovations, learning curve benefits, economies of scale, product design, reduced manufacturing time and costs and reengineering activities. A low-cost or cost leadership strategy is effectively implemented when the business designs, produces, and markets a comparable product more efficiently than its competitors. The firm may have access to raw materials or superior proprietary technology which helps to lower costs. Firms do not have to sacrifice revenue to be the cost leader since high revenue is achieved through obtaining a large market share (Bauer and Colgan, 2001). Lower prices lead to higher demand and, therefore, to a larger market share. As a low cost leader, an organization can present barriers against new market entrants who would need large amounts of capital to enter the market. The leader then is somewhat insulated from industry wide price reductions (Porter, 1980).

The cost leadership strategy does have disadvantages. It creates little customer loyalty and if a firm lowers prices too much, it may lose revenues.

2.3.3 Focus Strategy

In the focus strategy, a firm targets a specific segment of the market (Davidson, 2001). The firm can choose to focus on a select customer group, product range, geographical area, or service line (McCracken, 2002). Focus also is based on adopting a narrow competitive scope within an industry. Focus aims at growing market share through operating in a niche market or in markets either not attractive to, or overlooked by, larger competitors. These niches arise from a number of factors including geography, buyer characteristics and product specifications or requirements.

A successful focus strategy depends upon an industry segment large enough to have good growth potential but not of key importance to other major competitors. Market penetration or market development can be an important focus strategy. Midsized and large firms use focus-based strategies but only in conjunction with differentiation or cost leadership generic strategies. But, focus strategies are most effective when consumers have distinct preferences and when the niche has not been pursued by rival firms David, (2000).

2.3.4 Niche Market Competition Strategy

A niche market strategy is defined as “emphasis on a particular need, geographic area, demographic or product segment” (Teplensky et a, 1993). Shani and Chalasani (1992, pp. 44-5) characterize market segmentation as a top-down approach, stating that it is “the process of breaking a large market into smaller and more manageable submarkets.” By contrast, niche marketing is a bottom-up approach, meaning that “the marketer starts from the needs of a few customers and gradually builds up a larger customer base. Kotler (2003), describes five key characteristics of niche markets as:- the customers in the niche have a distinct set of needs; they will pay a premium price to the firm that best satisfies their needs; the niche is not likely to attract competitors; the niche marketer gains certain economies through specialization and the niche has size, profit, and growth potential.

This is competing on the basis of market performance in tune with prevailing strategies of market competition, when the firm perceives its comparative power to be lower than that of its competitor. That is, firms may believe that the discrepancy in comparative power between itself and its competitor is such that attempts to increase the firm’s level of support or standards of governance may not be efficient in bridging the gap, especially given the resources required for the task. Such firms may also compete based on more traditional strategies, in order to ensure their own survival. Such a firm may attempt to create a niche for itself, rather than compete directly, Whitley (2002).

2.3.5 Dominant Market Competition Strategy

According to Wee (2001), firms within the same quadrant are not likely to have a difference in comparative power that is large enough to give one firm a significant competitive edge over another. This is because by definition, comparative power is based on measurement relative to the environmental average. Therefore as the comparative power of a firm increases, it also pushes up the environmental average, causing a marginal decrease in the comparative power of firms in more preferred quadrants. For this reason, firms which perceive themselves as being higher or equal in comparative power, are likely to pursue traditional competitive strategies and not aim to compete on the basis of increasing their comparative power, Peng & Luo (2000). These firms follow a strategy of dominant market competition. DMC is a strategic initiative followed by firms towards taking in a competitive lead in the market, usually through aggressive business tactics.

Firms aiming to secure the benefits of institutional support or to specifically increase their comparative power on the institutional support axis are likely to follow a strategy aimed at changing the status quo of support in the competitive institutional environment. According to Zucker (1997), firms may attempt to do the latter by reducing the overall levels of support available to all firms. While this may reduce the comparative power of competitors, it is equally detrimental to the interests of the firm in question. Such a reduction of overall institutional support requires commitment of large resources on the part of the firm, and has the effect of reducing the firm's own level of support.

2.4 Strategic Analysis and Strategy Formulation

Gole, (2005) proposes that strategic management is a process, directed by top management to determine the fundamental aims or goals of the organization, and ensure a range of decisions which will allow for the achievement of those aims or goals in the long-term, while providing for adaptive responses in the short-term. The three core areas of corporate strategy are: - strategy analysis, strategy development and strategy implementation.

The first phase is strategic analysis (Strategy Formulation). This phase deals with examining the environment within which the organization operates. The organization's environment has a direct connection on its future and how it can steer itself from the current scenario.

Secondly, this phase is concerned with determining where the organization is, where it wants to go and how to get there. It involves carrying out situational analysis that leads to the setting of objectives. Vision and mission statements are crafted and overall corporate objectives, strategic business unit(s) objectives and tactical objectives are also developed.

2.5 Strategy Implementation

This phase is concerned with the allocation of resources to support an organization's chosen strategies (Pearce & Robinson, 2003). This process includes various management activities that are necessary to put strategy in motion and institute strategic controls that monitor progress and ultimately achieve organizational goals.

2.5.0 Theories of Strategy Implementation

Theories of strategy implementation demonstrate that strategies create a competitive edge for a firm. While a strategy's implementation might be necessary for optimal strategic use, it is not a sufficient condition. In addition, a firm's choice to use a certain strategy depends on the cost of that strategy's formulation and implementation as is exemplified here below:-

2.5.1 Systemic Theory

The Systemic Theory argues that economic activity cannot be placed in a separate sphere of impersonal financial calculations because of our social embeddedness. Economic behavior is embedded in a network of social relations; families, the state of professions, etc. These networks influence both the means and the ends of action, defining what appropriate and reasonable behavior is for their members. Thus, personal histories which include educational background, religion, gender, family position, and ethnicity all shape economic activity. This social constructivist view suggests that the norms which guide strategy implementation are not cognitive (Huff 1990), but cultural. Culture, defined as a series of social systems, affects and is affected by firms, industries and economies (Gergen 1994). Whittington (1993) argues that even with the growth in overseas trade and foreign investment, the peculiarities of history and society still matter.

2.5.2 The Classical Theory

According to Whittington (2002), for classicists, profitability is the highest goal of business and rational planning as the means to attain it. The strategic aim of a business is to earn a return on capital, and if in any particular case the return in the long run is not satisfactory, the deficiency should be corrected or the activity abandoned. This theory requires that managers be ready and capable of adopting profit-maximizing strategies through rational long-term planning.

2.5.3 Evolutionary Theory

According to this theory, evolutionary approaches do not rely on top management's skill to plan and act rationally. Instead of depending on managers, they believe that markets will determine profit maximization and not the managers. Whatever methods the managers will adopt, the best performers will be the ones that survive. Rational methods are not the basis for this approach because it is 'evolution that is nature's cost-benefit analysis' (Einhorn and Hogarth 1988). Competition is not overcome by detached calculation such as in classical perspective but by constant struggle for survival in the jungle. The biological principle of natural selection is at the core of evolutionary theory wherein the most apt strategies often translate in the best performance allowing them to survive and progress. The weaker performers are driven out of the game/race that is competition.

2.6 Challenges of Strategy Implementation

Formulating appropriate strategy is not enough. For effective strategy implementation, the strategy must be supported by decisions regarding the appropriate organizational structure, reward system, organizational culture, resources and leadership. Just as the strategy of the organization must be matched to the external environment, it must also fit the multiple factors responsible for its implementation (Bateman& Zeithaml, 1993; David, 1997). As was further observed by David (1997), successful strategy implementation must consider issues central to its implementation; which include: -

2.6.1 Organizational culture

Culture is a set of assumptions that members of an organization share in common (shared beliefs and values). Organizational culture helps in the nurturing and dissemination of core values. Implementation of new strategy will be concerned with adjustments in the structure, employees, systems and style of doing things in order to accommodate the perceived needs of the strategy (Pearce and Robison, 2007). Weihrich & Koontz (1993) look at culture as the general pattern of behavior, shared beliefs and values that members of an organization have in common.

Culture can be inferred from what people may do and think within an organization. It involves the learning and transmitting of knowledge, beliefs and patterns of behavior over time. Thus organizational culture is fairly stable and does not change fast. It sets the tone and establishes the rules on how people should behave. The top managers create a climate for the organization and their values influence the direction of the firm.

2.6.2 Top Management Commitment and Strategy Implementation

Strategy implementation is an enigma in many companies. The problem is illustrated by the unsatisfying low success rate of intended strategies. The primary objectives are somehow dissipated as the strategy moves into implementation and the initial momentum is lost before the expected benefits are realized. Successful implementation of strategy is a challenge that demands patience, stamina and energy from the involved managers. Whereas policy is a legislative function, strategy is an executive function. The responsibility for formulating and implementing a corporation’s strategies rests, therefore, with a company’s senior management (Bateman and Zeithaml, 1993).

The most important thing when implementing a strategy is the top management’s commitment to the strategic implementation process itself. This is undoubtedly a prerequisite for strategy implementation. Therefore, top managers must demonstrate their willingness to give energy and loyalty to the implementation process. This commitment becomes, at the same time, a positive signal for all the affected organizational members. To successfully improve the overall probability that the strategy is implemented as intended, senior executives must abandon the notion that lower-level managers have the same perceptions of the strategy and its implementation, of its underlying rationale and its urgency. Instead, they must believe the exact opposite. They must not spare any effort to persuade the employees of their ideas.

According to Chapman (2004), the management of the organization provides direction to workers as they pursue a common mission in implementing strategies. The leaders influence their relationship with their followers in the attempt of achieving their mission. Effective leadership is very crucial during strategy execution and can be achieved through participation by all groups and individuals captured in strategic planning through freedom of choice of leaders by team members. This leads to rational leadership styles for those with good leadership qualities and qualifications (Chapman, 2004).A good strategic leader operates without bias, is visionary, self-confident, has empathy and respect to others and is experienced. Strategy implementation calls for efficient and effective leaders to guide the rest of the employees through the strategic plan with a lot of ease and provide solutions and explanations to unclear issues (Chapman, 2004).

It is important also to note that barriers to implementing a strategy range from delay to outright rejection. However, this psychological point of view is often downplayed during discussions of implementation issues, even though it is becoming more and more obvious that strategy implementation consists, for the most part, of psychological aspects (Barrantes and Galperin, 2007). By changing the way they view and practice strategy implementation, senior executives can effectively transform change barriers into gateways for a successful execution. Change is part of the daily life within an organization. The ability to manage change has shown to be a core competency for corporations. A great challenge within strategy implementation is to deal with potential barriers of the affected managers.

2.6.3 Leadership and Management

Organizational structure on its own is not sufficient to ensure successful implementation of a strategy; effective leadership is required. Bateman and Zeithaml (1993), define a leader as one who influences others to attain goals. Leaders have a vision and they move people and organizations in directions they otherwise would not go. In a competitively chaotic environment, one essential contribution of a strategic leader is to provide and share a clear vision, direction and purpose for the organization (Thompson, 1997).

Leadership is the key to effective strategy implementation. The role of the Chief Executive is fundamental because a CEO is seen as a catalyst closely associated with and ultimately is accountable for the success of a strategy. The CEO's actions and the perceived seriousness to a chosen strategy will influence subordinate managers' commitment to implementation. The personal goals and values of a CEO strongly influence a firms' mission, strategy and key long term objectives. The right managers must also be in the right positions for effective implementation of a new strategy (Jones and Hill, 1997). Top management goodwill and ownership to drive the process is also critical to effective implementation of strategy. According to Thompson (1997), the strategic leader must direct the organization by ensuring that long term objectives and strategies have been determined and are understood and supported by managers within the organizations who will be responsible for implementing them.

2.6.4 Organizational Structure

Organizations should be structured in such a way that they can respond to pressure to change from the environment and pursue any appropriate opportunities which are spotted (Lorsch 1967). Thompson and Strickland (1980), notes that strategy implementation involves working with and through other people and institutions of change. It is important therefore that in designing the structure and making it operational, key aspects such as empowerment, employee motivation and reward should be considered. Structure, according to Thompson (1997), is the means by which the organization seeks to achieve its strategic objectives and implement strategies and strategic changes.

Strategies are formulated and implemented by managers operating within the current structure. The structure of an organization is designed to break down how work is to be carried out in business units and functional departments. People work within these divisions and units and their actions take place within a defined framework of objectives, plans, and policies. Successful strategy implementation depends on a large part on how a firm is organized. Omae (1983), agrees that strategy and structure need to be matched and be supportive of each other in order to achieve objectives set. The structure helps an organization identify its activities and the way in which it will coordinate them to achieve the firm's strategic objective. It also provides managers with a vehicle to exploit fully the skills and capabilities of the employees with minimal costs and at the same time enhance the firm's capacity to achieve superior efficiency, quality, innovation and customer responsiveness (Pearce & Robinson, 2002).

2.6.5 Reward and Sanctions Systems

The execution of a strategy depends on individual members of an organization; especially key managers. Motivating and rewarding good performance for individuals and units are key success factors in effective strategy implementation (Shirley, 1983). According to Cummings and Worley (2005), organizational rewards are powerful incentives for improving employee and work group performance. It can also produce high levels of employee satisfaction. Reward systems interventions are used to elicit and maintain desired levels of performance and behavior.

Reward systems should align the actions and objectives of individuals with objectives and needs of the firm's strategy. Financial incentives are important reward mechanisms because they encourage managerial success when they are directly linked to specific activities and results. Intrinsic non-financial rewards such as flexibility and autonomy in the job are important managerial motivators. Negative sanctions such as withholding of financial and intrinsic rewards for poor performance are necessary to encourage managers' efforts (Pearce and Robinson, 2007).

2.6.6 Resources and Capacity

According to Thompson et al (2007), effective strategy implementation depends on competent personnel and effective internal organizational systems. No organization can hope to perform the activities required for successful strategy implementation without attracting, motivating and retaining talented managers and employees with suitable skills and intellectual capital. As was reinforced by Cummings and Worley (2005), the task of implementing challenging strategic initiatives must be assigned to executives who have the skills and talent to handle and can be counted on to turn decisions and actions into results to meet established targets.

Without a smart, capable result-oriented management team, the implementation process ends up being hampered by missed deadlines, misdirected or wasteful efforts. Building a capable organization is thus a priority in strategy execution. High among organizational building priorities in the strategy implementation process is the need to build and strengthen competitive valuable competencies and organizational capabilities. Training; therefore becomes important when a company shifts to a strategy that requires different skills, competencies and capabilities (Thompson *et al,* 2007).

2.6.7 Effective Performance Management

The level of success of a strategy depends on the degree of participation in planning and on acceptance of the goals, indicators and targets set. Therefore effective implementation of a strategy plan will be successful if it rests on meetings and consensus between the management and staff, rather than a top down imposition of plans and targets, Song (1983). Goal setting involves managers and subordinates jointly establishing and clarifying employee goals. The first element of goal setting is establishing goals that are perceived as challenging but realistic and to which there is a high level of commitment. It involves having employees participate in the goal setting process so as to increase motivation and performance. Participation also convinces employees that the targets are achievable and can increase their commitment to achieving them. Employee participation is likely to be effective if employees are involved and will therefore support goal setting.

Participation in goal setting is seen as legitimate, resulting in the desired commitment to the implementation of a strategy (Cummings & Worley, 2005).

The second element in the goal setting process involves specifying and clarifying the goals measurement. When given specific goals, workers perform higher because ambiguity is reduced than when they simply receive no guidance. Clarifying goal measurement requires that employees and supervisors negotiate resources necessary to achieve the goals such as time, equipment, raw materials and access to information. If employees cannot have appropriate resources, the targeted goals may have to be revised. The process of specifying and clarifying goals can be difficult if the business strategy is unclear, hence under such conditions, attempting to gain consensus on the measurement and importance of goals can lead to frustration and resistance to change (Grundy, 1998).

2.7 Strategy Evaluation

Strategy evaluation includes review of external and internal factors that are bases for strategies formulated, measuring performance and taking corrective action, if necessary. This is important as all strategies are subject to future modification depending on environmental turbulence, (Robbins and Coulter, 1996).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the proposed research design, data collection and the techniques for data analysis that will be used.

3.2 Research Design

The research design will be a case study. A case study is an in-depth investigation of an individual, institution or phenomenon (Mugenda and Mugenda, 2003). The primary purpose of a case study is to determine factors and relationships among the factors that have resulted in the behavior under study. The study will be used to identify the strategies adopted by small mobile operators in the face of price wars by major players at the same time establish the challenges which they faced in adopting the strategies. In this light therefore, a case study design is deemed the best design to fulfill the objectives of the study (Mugenda and Mugenda, 2003) as the results are expected to provide an insight in understanding the strategies which have been adopted and those that are likely to be adopted by the small operators to address their challenges in business.

The study population is the AirTouch Connections Limited workforce, which currently stands at nine (9) employees; in contrast to the twenty five (25) employees before August 2010. This is the first straight pointer to the effects of the price wars, as it turned out to be for the VoIP operators. The sample size taken is only the management team of the company, as this is representative enough in strategic thinking and management of a company in crisis to come out of its greatest challenge-even if it means survival as the only concern initially. The strategic direction taken or to be taken is first based on survival now and then a longer term focus for the company. It may turn out that the company may completely change its core business all together.

3.3 Data Collection

Primary data was collected through a face to face interview with the researcher. An Interview Guide (attached herein) will be used to collect data on the strategies adopted and the challenges encountered in the implementation of the strategies. This Interview Guide will be availed to the supervisor.

The respondents interviewed are those involved with the formulation and implementation of the organization's strategies (Mugenda & Mugenda, 2003). These were: - The General Manager/Executive Director of the company; the Accountant & Finance Officer and the Technical & Operations Manager. These three persons are important to the survival and direction the company-AirTouch Connections Limited-has taken since the advent of the price wars in July/August 2010 to date.

These persons will make it possible for the researcher to obtain data required to meet the specific objectives of this study. These interviewees are the top managers. These are considered to be key informants for this research. In addition, the departments in which the intended respondents work in are the key developers and implementers of the company's strategies.

3.4 Data Analysis

The data obtained from the interview guide will be analyzed using qualitative analysis. Qualitative data analysis makes general statements on how categories or themes of data are related (Mugenda and Mugenda, 2003). The qualitative analysis will be done using content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Mugenda and Mugenda, 2003). It involves observation and detailed description of objects, items or things that comprise the object of study. The themes (variables) that are to be used in the analysis are broadly classified into two: strategies adopted and the challenges encountered in implementing the strategies. This will result into deductive conclusions based on the findings obtained.

CHAPTER FOUR: DATA ANALYSIS, RESULTS & DISCUSSION

4.1 Introduction:

This chapter deals with the analysis of data gathered through the one-on-one interviews I carried out at ACL.

4.2 Overview

I interviewed the three (3) key managers of ACL; namely the General Manager-who is the Executive Director of the company-together with his wife and Director- who does not work full time at ACL, but is a senior officer at the Kenya Revenue Authority; the Company Accountant and the Technical & Operations Manager. These are the core persons who steer the company in any strategic direction they may deem proper. It emerged that the interviewed were two male and two female respondents; a very good representation in terms of gender.

Their age bracket lies between 45 and 33 years of age. They have served the company for a minimum of three years to a maximum of six years-all at management level. Their level of education is the lowest at Diploma Level to the highest of Masters of Business Administration Level. Two of them are pursuing professional accounting qualifications.

They have a reasonably wide level of exposure and experience in more than one industry/business sector.

All the interviewees love what they are doing and are not keen on changing their responsibilities; notwithstanding the challenges they have faced in the past year in steering ACL to where it is now; having gained some stability and poised for growth. They all have made great contributions to the survival of the company, especially after the July/August price wars started by the then Zain Kenya Limited (now Airtel Kenya Limited). The challenge saw ACL gross revenues drop from a high average of Ksh 6 million per month to less than Ksh 2 million per month. This also saw the company (ACL) reduce its total workforce from a high of twenty six (26) in August 2010 to a low of nine (9) in October 2010. They have reclaimed much of that bad scenario in just about a year-to a reasonably stable state of affairs. Gross revenues have gone up to Ksh 4 million per month and the work force is now at fifteen (15) members of staff as at October 2011; in comparison with gross revenues of Ksh 6 million a month and nine (9) members of staff the same month last year.

4.3 STRATEGIES ADOPTED BY ACL

From the respondents, it became apparent that the company underwent very turbulent times and as such devised and implemented a multiple of strategies to counter the effects of the price wars that saw the company loose fortunes. The strategies adopted by ACL are identified as follows:- Diversification Strategy; Differentiation Strategy; Focus Strategy; Cost Leadership/Lowest Price Strategy; Niche Market Strategy; Exploring New Markets-

Going International; Partnering with other players and Investors; Strategic Alliances-Local and International and Collaboration with Competitors to use their Infrastructure.

All the above have been used in good measure in the last one year and a few months as detailed herein below.

4.3.1 Diversification Strategy.

The price wars of July/August 2010 jolted ACL to think and act Diversification. Prior to the price wars, ACL heavily depended on one product/service line, namely the VoIP service. This used to bring in more than ninety (90%) of the company's gross revenues.

The company had a good mix of product/service lines BUT had not put emphasis on; such as Broad Band Internet sales; Web Designing; Web Hosting; Software Development; Data Storage & Warehousing; among others. New products and services had to be introduced.

Among the new services/products started immediately after this business tragedy (dynamics) was the introduction of the GPS online motor vehicle tracking service. This meant that ACL had to quickly identify a supplier of the GPS gadgets; import; buy the tracking software; engage engineers to install the systems and track online (manage) the vehicles fitted with these systems-locally and internationally - i.e. across any border.

The company had even to be involved in the purchase and sale of horticultural produce locally and abroad to stay afloat.

More emphasis was also put on the directly related service lines; i.e. web designing; web hosting; software development; data storage and warehousing.

4.3.2 Differentiation Strategy.

ACL had to try differentiation by offering variety and quality service; in comparison with the competition.

4.3.3 Focus Strategy.

ACL then focused more keenly on the segments that were lucrative to the company; the segments that have higher margins, those that have higher repeat purchases and those that the company incurred least cost in servicing.

4.3.4 Cost Leadership/Lowest Price Strategy.

The company embarked on being the lowest priced services provider among its competition.

This meant coming down to make as little as a few cents; as long as it will make some return on investment made. Profit margins of 20% plus became history; making as low as 2% to 5% became the norm; unlike in the period prior to July/August 2010. This assured the company of survival.

In the process, job losses were unavoidable. Firstly, there were salary cuts by initially 35% in the first month; then by another extra 30% by the fifth month; effectively a total salary cut of up to 56% of the gross pays level of July/August 2010. Eventually the staff force was trimmed from a high of twenty five (25) to nine (9) by October 2010.

These measures made the company survive the hard times, in its initial six months.

4.3.5 Niche Market Strategy.

ACL has had to identify some niche markets that have not been focused on by the big four. These small niche markets do not look attractive to the big four; BUT they are attractive enough and profitable for the smaller operators. The kind of revenues that the big four look at is way out of what the smaller operators look at. Similarly, the operational expenses that the big four run are in hundreds of millions to billions whereas the smaller operators look at a few millions and it is well with them at that level.

4.3.6 <u>New Markets & Going International Strategy</u>

The price wars made the company think of exploring new markets and setting up base outside Kenya. The immediate reaction was to try new markets-locations-that had not been explored. It also led to the company setting up base in Uganda and is seriously exploring the possibility of setting up shop in Rwanda. There is some little revenue flowing from these markets.

4.3.7 <u>Partnership Strategy.</u>

In the same strength, the company leadership started warming up to the idea of partnerships with people (Investors) who were ready, willing and able to raise some capital for any new undertakings of the company. This has led to the company now working with people (investors) from across the world-Kenya, China, Australia, USA and still room is open for new partners. Some have been friends and others acquaintances and even business competitors whom had to be welcome to salvage the imminent collapse of ACL then. This became quite a big departure from the practice at ACL. This averseness to partnerships has some founded and unfounded reasons. However, the occasion meant do or break and therefore the leadership had to bow to the pressure of the possibility to close shop and thus warmed up to the idea of ceding independence to save the company from imminent collapse.

4.3.8 Strategic Alliances.

ACL has now forged Strategic Alliances with an Australian company; Gambit Group Pty Limited. Gambit has pitched tent at the ACL facility and they are working together sharing some infrastructure and operational expenses-which in effect has helped both firms operate at less than half of what they could ideally spend on operational expenses on a monthly basis. This has also led to synergistic effects for both companies where one plus one results into more than two! Other companies are discussing these possibilities with ACL.

4.3.9 Collaboration with Competitors to use their Infrastructure.

The biggest 'rivals' have been the big four; namely Safaricom Limited; Orange-Telkom Kenya Limited; Essar Kenya Limited *(Yu)* and Airtel Kenya Limited

These four have financial power and muscle-compared to ACL. They have invested heavily on physical infrastructure. ACL has seen the need to collaborate with them so as to have its services reach a wider majority of its clientele. ACL has sought a formal way of engaging each one of these providers to meet its business objectives and goals.

Actually, the verbatim that *'if you can not beat them, join them'* has meant a lot profoundly at ACL now than ever. It makes economic and business sense that you can use what your competitors have erected to transmit/offer your services and pay for the use of their (the competitors') infrastructure or service.

This saves the small operators the enormous capital expenditure that could easily cripple them and force them (the small operators) even close shop.

4.4 CHALLENGES FACED BY ACL IN IMPLEMENTING THE STRATEGIES CHOSEN

A number of challenges have been explicitly identified by the management team (my respondents) at ACL and others, in my view have not been identified by the management team. The management team has identified finance; time/speed; structure; ineffective coordination and sharing of responsibilities and inexperienced/unqualified staff to market the services on offer.

4.3.1 Finances

ACL is locally incorporated; registered and managed. Its capital base is not that huge as there are few shareholders and their contributions are limited. This has limited its capacity to undertake large scale projects for its growth and expansion.

Even after the identified strategies have been agreed on for implementation, money I required to realize the same and when it is not available; is delayed to be availed or not all that is needed is availed, this compromises the effectiveness of the chosen strategy. This is what ACL has had to contend with most of the times in the past one year to date.

4.3.2 Timeliness/Speed

Once a strategy is chosen, timeliness and the speed with which it is implemented determines its success or otherwise. This is what ACL experienced in putting into place the various strategies identified above in section 4.2. Speed of implementation of any strategy is dependent on the availability and sufficiency of all the required resources. This was an impediment to the actualization of the strategies chosen by ACL.

4.3.3 Structure

The ACL structure is lean-especially after the eruption of the price wars and the loss of many jobs at ACL; which is a positive mark in one sense. However, due to the urgency of the strategic directions that needed to be adopted, this lean structure became an impediment to the actualization of the strategies. The full time employees of ACL (a low of nine) was so stretched and overwhelmed on what needed to be done to the extent that much could not be done on time. Time and speed were essential to gain the lost business ground; even just for the bare survival of ACL-then. This underscores the importance of how lean an organization can go and still manage to function optimally and well too.

4.3.4 Ineffective Coordination & Sharing Responsibilities

This can be well attributed to the very lean structure above. The few staffers who remained were overwhelmed on what required to be done and be done urgently.

These suffered severe burn-out and as such coordination and proper sharing of responsibilities was hampered. The net result was some form of disjointed efforts in the execution and implementation of strategy. The staffers were thinly spread on the ground; such that not enough effort was put where it was required and this hampered even the supervision of the implementation process.

4.3.5 Inexperienced/Unqualified Staff

In the rush to change tact for the business operations of ACL, many new and diversified products/services proved a big challenge to the two Sales Executives who survived the job cuts at ACL. These very Sales Executives had not been well debriefed of the new products and services to enable them sell well. It also meant that they had not developed the confidence to face new markets with a new set of products/services; away from what they were at home with and comfortable to sell.

It also meant that more time was needed to train the Sales Executives about new marketing techniques; the performance of the new products and services benefits. Time was not there to train them and the different strategies adopted would at times mix them up. One strategy would be put on today and the emphasis is on another different one strategy tomorrow! Somehow, the company has survived more than one year since then and it is actually out of the woods today. It has been said time and again that a company is as good as the staff it has.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5 Introduction

The ultimate purpose of all competitive strategies is to anticipate the competitors' moves and countermoves and take quick action and the initiatives to thwart the effectiveness of those plans.

5.1 Summary

There are a number of steps to go through in developing and implementing the competitive strategies, as discussed herein.

The first step is to develop a comprehensive list of competitors in the market. Many times, companies are not clear of every competitor and potential competitor they face for their services and products in every channel and region they operate in. Using an outside service provider (consultant) may help lighten the burden. The consultant can ask each known competitor to identify all of the competitive challenges it faces in its market segments. This approach, (known as “wheeling,”) generates a long list of competitors, some of whom are relevant and some of whom are not. Once the more comprehensive list of identified competitors is generated, the company can conduct a limited amount of research on each company to determine if it, in fact, is a competitor.

Competitors have a sense of each others’ strengths and weaknesses, as well as their own. The consultant should ask each competitor to identify and describe its unique capabilities, competencies, and/or value proposition to understand where its strengths lie, relative to other companies in the same market.

Similarly, he can ask each competitor to describe aspects of its company and its competitors’ businesses that could use improvement. Asking a competitor to describe where it could benefit from some improvement is often very constructive and beneficial for the conversation.

After identifying the relevant competitors and determining their strengths and weaknesses, the consultant should ask each competitor to reveal the opportunities and threats they see in the market. These show the clear paths to growth and profitability that competitors have already identified. The intention is to see what competitors see, to increase the visibility of the opportunities and threats of the market. The company may later determine that a particular competitor’s view of an opportunity or a threat is false, but first there is need to identify all of those viewpoints to be able to devise a tactical or competitive strategy that can sustain you and possibly destabilize the competitors.

The next phase of strategic maneuvering is to examine the intersection of strengths and weaknesses with the opportunities and threats identified. This should include detailed implications for the company in the analysis. By comparing each strength and weakness with each opportunity and threat, implications will emerge for actions the company should take. These are merely ideas of actions that could be taken. If these implications, or ideas for action, re-surface after developing the SWOT on multiple competitors, they should then be given more merit and credence, worth to be pursued.

A Company should not start to develop competitive strategies in earnest, until it has discovered the actions that its competitors will be taking. It is not enough to see the opportunities and threats that they perceive; it must strive to understand what the competitors are doing about these threats; and how they are taking advantage of those opportunities. The company needs to be able to plot the present and future state of the competitors. The consultant should probe each competitor to tell about its unique positioning in the market; the presumed opportunities it sees to gain share from specific competitors; and each competitor likely has a plan in place to defeat each of their competitors. These plans should be uncovered for an effective competitive attack. There should be research on customer needs (unmet needs), and their purchase decision criteria.

It is important to understand the various unmet needs of different segments of customers. Comparing the needs of different segments of customers with the positioning strategies of competitors reveals that some competitors are positioning themselves in a no-man’s-land. Other competitors will be found clustered around the same small customer need that many of its competitors are going after. As a result, they will all starve for lack of sufficient customer needs. The wise competitor observes where the competitors are positioning themselves, and where the customer needs are, and looks for the customer opportunities that are not being met by many (or any) of its rivals.

This type of research and analysis can help winnow the list of options available for a company. The intention is not to have a long list of possible actions to take, but rather a short list of actions that will have a meaningful impact on your Goal.

5.3 Conclusion

In conclusion, company survival in the face of fundamental changes in an industry requires swift response(s). This has been exemplified by what AirTouch Connections Limited went through and had to do to be afloat today, fourteen (14) months down the line. It was eminent that if something was not done, the company (ACL) could have closed shop last year. The company employed various strategies at different times with different measures of success and at times more than one strategy at the same time. The essence was survival and indeed the company managed to survive and it is now out of the woods.

Finally, the process of strategy making is a bumpy one for all organizations. However, it can be summarized well if developed following an eight-step process outlined hereunder:- Identify all competitors; Determine the strengths and weaknesses of these competitors; Understand the opportunities and threats of the market, as seen by each competitor; Determine where each competitor is heading in response to these perceived threats and opportunities; Compare the positioning strategies to customer needs and purchase decision behavior; Look for the space, where there are customer needs, but limited competitors; Critically cross check this opportunity with an analysis of SWOT and its implications and finally Developing own and unique competitive strategies based on the above realizations.

5.4 Recommendations For Further Research

From the foregoing findings at ACL, there is still room for further research in the mobile telephony industry in Kenya, especially after the aftermath of the price wars of July/August 2010. This field is awash with many possible research areas.

One may want to study the effects of the price wars on the bottom-line of the major providers. There is good indication now that the big four have suffered major financial strains in the past one year; so far Safaricom Limited has upped its calling rates and Orange-Telkom Kenya is following suit soon.

Secondly, one can still study the effects of the price wars on the change of strategies by the major provider; it is well known that the past one year saw all the big four heavily diversify from voice business to other value added services to enable them compete and stay afloat.

Thirdly, one would be able to study and project the possible sustainability of the low calling rates; vis-à-vis international trends.

Fourthly, one could study the effects of the price wars on the exchequer remittances for the year 2010/2011 from this industry.

Among the identified Strategy Implementation Challenges, they can be studied independently-without generalizations-on how critical each is for strategy success. Is it possible for instance that with funds, strategy implementation can be successful; or it is only the human resource that is critical in strategy implementation's success?

5.5 Limitations of this Study

The mobile telephony sector in Kenya is developing very fast. It is primarily driven by technology. Price (calling rates) for the voice segment of their business is secondary. This has seen the sector players now diversifying and concentrating on non voice segments of their business.

The limitation of this study, therefore, has been the focus on the price changes that have led to adoption of various competitive strategies for the small operators. Fundamentally, technological advances are currently shaping the kind of strategies being adopted by the operators.

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APPENDIX 1: INTERVIEW GUIDE

The interview guide will seek to achieve the following objectives;

1. To identify the strategies adopted by AirTouch Connections Limited in the face of price wars by major players.
2. To determine the challenges encountered by AirTouch Connections Limited in adopting strategies to counter price wars by major players.

Interview Questions

The following sections provide sample questions to be used in evaluating the strategies adopted by AirTouch Connections Limited and the challenges encountered in adopting the strategies.

Background Information on the interviewees

1. What is your highest level of education?
2. What current position in the organization do you hold?
3. For how long have you worked in this organization?
4. Would you change your current duties if given a chance?
5. What contributions have you made positively as a person to bring AirTouch Connections Limited to where it is today?

Strategies adopted by the company-AirTouch Connections Limited

1. Has the price wars among the major players affected your operations?
2. How has it affected your operations?
3. What brought about the price wars?
4. Due to the change in the operating business environment, did you change the strategies you were using before-prior to July 2010?
5. Which strategy(ies) have you adopted since then?
6. How have you used differentiation strategy?
7. How have you used cost leadership strategy?
8. How have you used focus strategy?
9. With the adoption of niche market competition strategy, have you adopted an emphasis on a particular need, geographic area, demographic or product segment-now?
10. With the sudden change of strategy, were there resources to implement the strategic change you have had to adopt?
11. What factors may have influenced the speed of implementation of the strategy(ies) in AirTouch Connections Limited?
12. Has the adoption of the strategies enabled your organization to maintain the same market?

Challenges to Adoption of the Strategies

1. Does the culture in your organization hinder strategy implementation?
2. What challenges are brought about by culture?
3. Are you faced with the challenge of conflict in leadership whereby the CEO's vision is not shared by all?
4. Was there a framework to monitor strategy implementation at AirTouch Connections Limited?
5. Does the structure in your organization pose a challenge to strategy implementation?
6. Do you face the challenges posed by ineffective coordination and poor sharing of responsibilities?
7. What approach did your organizational strategy formulation process adapt? Top down or bottom up?

8. What approach can you recommend your organizational strategy formulation process to adopt? Top down or bottom up?
9. How fast did AirTouch Connections Limited respond to the challenges posed by the magnificent changes in the business environment?
10. How does this affect the process of strategy implementation?
11. Were the resources needed for strategy implementation availed?
12. How prompt were the resources availed for strategy implementation?
13. Do you have any resource constraints hindering strategy implementation?
14. What kind of resources in particular?
15. Does the organization address the issue of resource limitation?
16. What is the long-term focus and prospects for AirTouch Connections Limited?

APPENDX 2: LETTER OF INTRODUCTION TO ACL

27th September 2011

Dear Respondent,

RE: PRIMARY RESEARCH DATA COLLECTION

This is to request you to accord some of your valuable time to an Interview Session with this Researcher; who is an MBA student of the School of Business of the University of Nairobi. He is researching on your company's response(s) to the price wars of July/August 2010 in the mobile telephony industry. His research study is entitled: ***"Competitive Strategies Adopted by Small Mobile Telephone Providers: A Case Study of AirTouch Connections Limited'***.

This study is being carried for a management project paper as a requirement in partial fulfillment for the award of the degree of Master of Business Administration, School of Business, University of Nairobi.

The information collected will be treated confidentially and in no instance will your name be mentioned in this research. Also, the information will not be used for any other purpose other than academic and scholarly purposes only. A copy of this research paper will be made available to you upon request.

Thank you in advance.

Yours faithfully

Francis Omoyo Ondieki
MBA STUDENT

Dr. James Gathungu
SUPERVISOR