

DECLARATION

11
**STRATEGIC PLANNING BY SERVICE PROVIDERS IN THE
TELECOMMUNICATION INDUSTRY IN KENYA** 11

9th October 2009
Date

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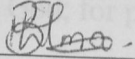
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A Management Research Project Submitted in Partial Fulfillment for the Requirements
of the Degree of Masters of Business Administration (MBA), School of Business,
University of Nairobi

October 2009

DECLARATION

This management project is my original work and has not been submitted for a degree in any other university



9th October 2009

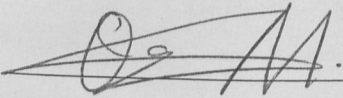
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This management report has been submitted for examination with my approval as the university supervisor



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To mum and Dad, (Mr. and Mrs. Elman). Thanks for believing in me and inspiring me to greater things. I would not be who I am without your love. Diane, Victor and Oliver my siblings: Nothing is impossible, you are source of encouragement.

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I am thankful to the respondents who were able to take a few minutes of their busy schedule to complete the questionnaire. Without your input, this project would not be complete. To those who assisted in proof reading my project and ensured that I was able to come up with this completed work, I am very grateful.

Lastly, I would like to thank all those not mentioned by name that contributed and participated in one way or the other to make this work complete. I wish them God's blessing.

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The study was undertaken to determine whether service providers in the Telkom industry align themselves to the fast changing and developing industry in Kenya. The objective of the study was to analyze what strategic planning practices the service providers have and what challenges they encounter.

To achieve this, the study was carried out through a cross sectional survey. Primary data was collected using questionnaires addressed to the CEO's and top management of the various service providers to the Telkom industry and administered using the drop and pick method as well as email. Appointments were made to see the respondents in person or telephone calls were made where the respondents needed to seek further clarifications. The target respondents of the study were mainly the top management because they would be more familiar and involved in the strategic planning in the organizations. Descriptive statistics was used to analyze the data collected.

The study found out that the strategic planning practices adopted were formal and documented though the involvement of the strategic planning process is left to the top level management. The need to involve lower level management in strategic planning as well as communication of the strategies and the results achieved from the strategies is not considered to be of great importance to the strategic planners. With the realities of the changing telecommunication environment to keep up with the new technologies, the service providers need to improve the strategic planning process and minimize the challenges they face. A number of measures to reduce these challenges have been highlighted and they include better need to capture data on the environment, refine performance measures, track and evaluate strategic plans on a regular basis to assist on long term planning as well as enable expand into other markets within the region.

CHAPTER ONE: INTRODUCTION

1.1 Background

A strategy is a pattern of actions and resource allocations designed to achieve the goals of the organization (Bateman and Zeithanl, 1993). Johnson & Scholes (1997) describes strategy as the direction and the scope of an organization over the long-term; which achieves advantage for the organization through its configuration of resources within challenging environment, to meet the needs of the markets and to fulfill stakeholders' expectations. Strategy matches the market position of the firm to its resources and capabilities. Market position entails both the amount and type of value offered to customers and the cost the firm incurs to produce the value. The more value customers receive at lower costs to the firm compared to its rivals, the more productive the firm. But firms must also prevent the imitation of its value and cost drivers by competitors, otherwise it loses its advantage as rival copy the sources of its strength (Walker, 2004).

Ansoff (1990) defines strategy as a systematic approach for managing change which consists of first positioning of the firm through strategy and capability planning, secondly real time strategic response through issue management and thirdly systematic management of resistance during strategic implementation. Walker (2004), states that strategy provides the business with a framework for resource allocation. Given finite resources, businesses are forced to make choices between alternatives investments, which imply different ways of competing. Clearly defining the business strategy helps prioritize these opportunities so that consistent, self reinforcing programs can be built and maintained.

1.2 Strategic Planning

Strategic planning involves making decisions about the organization's long term goals and strategies (Bateman and Zeithanl, 1993). It is the process of making decisions about the company's long term goals and identifying the best approach for achieving those goals. Donnelly, Gibson and Ivoncevich (1992) define strategic planning as a process that involves the review of market conditions, customer needs, competitive strengths and weaknesses, social political, legal and economic conditions, technological developments; and the availability of resources the lead to the specific or threats facing the organization. It is therefore concerned with the overall direction of the business. It involves decision making about production and operations, finance, human resource management and other business

issues. The objective of strategic planning is to set the direction of a business and create it shape so that the products and services it provides meet the overall business objectives.

1.3 Service providers in the Telecommunication Industry

The telecommunication industry in Kenya has grown in leaps and bounds in the last 10 years. Before this phenomenal growth, telecommunication in Kenya was characterised by a monopoly, which provided only fixed line services. In 1998, with only about 350,000 fixed lines at the time, and with this number dwindling; and the population growing rapidly and in need of services, the sector saw the first phase of liberalisation. This gave rise to the formation of Kencell Communications, a joint venture between Vivendi Group of France and Sameer Group of Kenya. On the other hand, a department of the telecoms monopoly, then Kenya Posts and Telecommunications Corporation that only offered mobile services to the elite of the society within Central Business District of Nairobi got into a joint venture with Vodafone PLC of UK; to give rise to Safaricom Kenya Limited.

These two new outfits had the arduous task of rolling out a network in a country without proper regulatory framework, unreliable commercial power supply and dilapidated road network. Clearly the purchasing power of Kenya's population is highest in Nairobi and this immediately informed the definition of the battle zone. The demand for Telecommunication services increased rapidly during the past few years particularly in the areas of mobile telephony, international calls and business data services. This increasing demand has spread over to other major towns in the country as well.

As core business of these mobile telecommunication companies would be selling airtime; it became necessary to source for support to rollout the capital intensive network. Several support services were tendered for; ranging from site acquisition services, site construction services, telecommunication equipment supply (Turnkey and otherwise), installation and commissioning services, network maintenance services, airtime distribution services, cleaning services marketing among others. This initiated the formation of partnerships between international companies and Kenyan outfits. The most common practice in this sector has been that of partnership; where international partners bring expertise and capital; whereas the local partners provide business premises, knowledge of the local business environment and market; and finally business advice. A formidable unit is then formed with very good local market knowledge, as well as technical knowhow and sufficient capital.

Suffice to say that with time, knowledge transfer has taken place from the originally highly skilled foreigners to the local professionals. This has led to locals forming companies to compete with their former promoters for the same market share. With competition in the sector stiffening, and local operators offering much more affordable and cost effective services, telecommunication operators are looking in the direction of local services to leverage on their capital expenditure. These services are still costly and capital intensive; and much as many local firms are mushrooming in the market, only a few are able to master the financial muscle required. Consequently, it is common to find support service providers doing their trade with competing telecommunication providers; and creating separate departments to deal with each telecommunication providers. Such is the competition that indeed some service providers in the telecommunication industry are known to operate as two different companies (even by name); to serve more than one operator as this practice was initially not well received. The investment then has however come to roost and its now generally accepted that support services can be shared by operators. This means that the service providers in the telecommunication industry in Kenya are shared among the various telecommunications companies such as Safaricom Ltd, Orange, Zain, Kenya, and YU among others

Support service operators are compelled to keep pace with technological change to sufficiently meet the needs and challenges of their clientele. Such is the rapid evolution in telecommunications that 10 years ago, the market was about making and receiving calls only. A few months thereafter, short message service became the in-thing mainly due to its affordability. Within less than a year, GPRS was introduced and internet access was the available, albeit at low speeds. Shortly followed the HSCSD, which indeed was high speed circuit switched data. With each of these technological advances, brings about hardware and software changes that required adaptation by solution providers. Current, 3G/UMTS is the talk of the town. Lots of data, audio as well as video streaming is enabled. Soon, Kenyans will be watching prime time news in the comfort of their cars on their mobile phones while in traffic.

1.4 The Research Problem

Strategic planning determines where an organisation is going over the next few years and how it's going to get there. This entails assessing an organizations current position and the industry's current challenges, vis-à-vis the organizations anticipated position and the

industry's challenges over the time under consideration. The Kenyan economy has seen a radical shift in the recent past. Globalisation and increased use of telecommunications in all the sectors is seeing an increase in competition. The competitive changes in the telecommunications industry pose challenges that greatly affect the service providers in the telecommunication industry. These challenges cannot be ignored because the industry plays a significant role in the economy and the service providers should operate efficiently and effectively in order to survive. The changing demands of the telecommunication industry mean that the service providers have to make a deliberate effort to put in place strategic plans that would ensure they develop rational strategies to effectively respond. In this regard, one may wish to establish the strategic planning practices in use by the service providers in the telecommunication industry.

Various researchers have provided insight on the areas of strategic planning in Kenya. A study carried out by Abdulaziz (2006) on the strategic planning at Kenya Ports Authority, concluded that a KPA had coherent, seasoned and sound strategic planning process. Mutonyi (2003) on the study of strategic planning within Micro finance institutions in Kenya found out that company analysis was not a popular practice among the organisations studied and they did not consider competitive activity as a threat to their strategic plans. Other studies carried out on the subject of strategic planning in Kenyan organisations included: Teachers Service Commission (Agusioma, 2007), Management consultancy firms (Rugami, 2007), Public Secondary schools (Kimemia, 2006), Kenya State Corporation (Choke, 2006), International NGO's (Gioche, 2006), East African breweries (Muriuki, 2005), Tea Manufacturing companies (Bett, 2003) and Motor vehicle franchise holders (Busolo, 2003). All these studies confirmed that strategic planning actually takes places both in public and private sectors in Kenya. However none has touched on strategic planning in service providers in the telecommunication industry in Kenya

It is apparent that the service providers have been facing many challenges as the telecommunication industry is changing and developing very fast. Therefore, the study attempts to bridge the knowledge gap identified above by addressing the following question: What strategic planning practices are being used among the service providers in the telecommunication industry in Kenya and what are the challenges they face?

1.5 The Research Objectives

The study addresses two main objectives:

- i. Determine the challenges of strategic planning faced by the service providers in the telecommunication industry.
- ii. To determine strategic planning practices adopted by the service providers in the telecommunication industry

1.6 Importance of the Study

The study will benefit management and staff of the service provider firms in the telecommunication industry, by making them appreciate strategic planning and be more proactive to the shifts in the business.

Management of firms in the telecommunication industry will benefit from this research, because it will enable them to establish whether the service providers are able to adapt to the changes in the industry and thus provide better service for them.

The study will contribute towards a framework for further research and fill existing gaps in the field of management of strategic planning. It will be important to future scholars and researchers who may use it as a source of reference.

CHAPTER TWO: LITERATURE REVIEW

2.1 Concept of Strategic Planning

Strategy as defined by Ansoff (1965) is the product market scope of a company. This refers to a decision of what to produce in what market. If the environment is stable, then the firm can operate without changing its product market focus. But if the environment keeps changing, the firm would need to change its product – market scope, which is the strategy.

According to Ansoff (1990), strategic planning evolved in the late 1950's, when firms invented a systematic approach to deciding where and how the firm will do in its future business. In the 1970's, the issue of real time strategic response technique grew into existence. The period between 1973 and 1985 was characterized by widespread dissatisfaction with strategic planning due to increased environment turbulence, reduced business opportunity and increased competition. From 1985 to present, strategic planning has increased emphasis on implementation, become more flexible and adaptable, become more focused, took into account competitive activity, enhanced strategic thinking and took into account both analytical and behavioural factors. Carter (1999) pointed out that strategic planning has evolved over the last half century from focusing on organisational policy and structure in the 1950's to quality and customer focus by the end of the millennium. Focus moved to the management of risk, promotion of growth and gaining of market share. In the 1980's, there was a shift and more emphasis was put on strategy and customer focus approach.

Strategic planning is the process of designing the future. It involves leaving a written record of such a design to guide the behaviour of those who integrate the organisation, so that the future does not develop arbitrarily but in a way it was planned (Pacios 2004, pg 260). The aspect of long term direction of the organisation, defining what business the organisation should engage in, matching the activities of the business to the environment in order to contain threats and exploit opportunities, as well as matching the organisation's activities to the resources available (McDonald, 1996).

Pearce and Robinson (1999) point out that Strategic planning is an important aspect of strategic management. The term strategic planning incorporates a long term view, involving an analysis of the interaction between the organisation and its environment and decision making under uncertainty. Ansoff (1990) describes strategic planning process as a

multifaceted, complex and time consuming process. It is a logical analytical process for choosing the firms future position vis-a-vis the environment.

Planning is useful in understanding the uncertain and unpredictable future, since it is not necessarily an extrapolation of the past (Ansoff, 1990). It also involves the determination of the basic long term goals and objectives of an enterprise, the adoption of selected courses of action and the allocation of resources necessary for achieving those goals (Howe, 1993). Rowe et al (1994) argues that strategic planning is the key link between strategic management and organisation existing environment. Gioche (2006) brought out the fact that strategic management provides guidance, direction and boundaries for operational management, while strategic planning is the backbone that supports strategic management. Strategic planning focuses on developing the structure while strategic management refers to all that management does to ensure strategy in place and is implemented.

Strategic planning as described by Ivoncevich (1992) plays a key role in achieving a balance between the short and long term. Managing principally for current cash flows, market share and earnings tend to mortgage the firms future. The significance of strategic planning therefore enables organisation to seek more rational responses to the environmental change and uncertainty.

2.2 Levels of Strategic Planning

Approaches to strategic planning range from top –down and negotiated approach. The tools and techniques used in strategic planning include SWOT analysis, Portfolio analysis, Porter’s five forces model, scenario planning, value chain analysis and functional analysis. The process of strategic planning involves situation analysis, development of objectives, development of strategies and development of appropriate budget, reward systems, information systems, policies and procedures (Muriuki, 2005). There are three major levels at which strategic planning is carried out within an organisation; corporate, business and functional levels. At the corporate level, decisions tend to be more value oriented and conceptual. They are more concerned with overall purpose and scope of the organisation (Pearce and Robinson, 1997)

At business level, the concern is how to compete successfully in particular markets and aims at obtaining superior financial performance by seeking competitive position that allows the business to have sustainable over the firm’s competitor’s (Johnson and Scholes, 2002).

Functional level decisions implement the overall strategies formulated at the corporate and business levels. These decisions incur only modest costs because they are dependent on available resources (Pearce and Robinson, 1997). Also embedded in functional strategies are operational level strategies concerned with how to manage front line organizational units within a business and how to perform strategically, significantly operating tasks (Thompson and Strickland, 2002).

2.3 Strategic Planning Process

The strategic planning process is a disciplined and well defined organisational effort aimed at the complete specification of a firms' strategy and the assignment of responsibilities for its execution (Hax and Majluf, 1996). Strategic planning process includes the crafting of a mission statement, objective setting, situation analysis, strategy formulation, implementation and control. Neville (2002) describes strategic planning process as that involving strategic thinking, understanding the strategic context and the business analysis and decision making, action planning, putting it in writing and implementation. Bryson (1995) also supports the same description of strategic planning by describing it as a "disciplined effort to produce fundamental decisions and actions that shape and guide what an organisation is, what it does and why it does it". According to Bryson (1995), the process of strategic planning involves the following steps: development of initial agreement, identification of mandates, clarification of mission and values, external and internal environmental assessment, Strategic issues identification, strategic development and preparation of a description of the organisation in future. Pearce and Robinson (2002) describe strategic planning as "an involved, intricate, and complex process that takes an organisation into uncharted territory. It does not provide ready to use prescription for success; instead it takes the organisation through a journey and offers a framework for addressing questions and solving problems"

2.3.1 Establishing a vision and Mission

Certo (1995) states that the main indicators of the direction in which an organisation is moving are its vision, mission statement and strategic objectives. A business is not defined by its name, statutes, or articles of incorporation. The strategic planning process involves environmental analysis of a firm, a definition of its vision, mission statement and strategic objectives and strategic formulation and choice. Donnelly, Gibson and Ivancevich (1992) pointed out, that in practice, the development of strategic plans involves taking information from the environment and deciding on an organisational mission and on objectives,

strategies and portfolio plan. Successful strategic planning starts with the conception of what the organisation should and should not do and a vision of where the organisation appears to be headed. What does the organisation trying to satisfy, which customer groups is it targeting and by which technologies will it use? These are questions that need to be thought out clearly when defining the vision and mission. Maundu (2005) pointed out that many successful organisations change direction not to survive but to maintain their future success. A well articulated strategic vision creates enthusiasm for the future course management has chartered and poses a challenge that inspires and engages members of the organisation.

The development of a vision of where the organisation appears to be headed is a starting point in the strategic planning process. According to Fred R. David (2009), a vision statement should answer the basic question, "What do we want to become?" A clear vision statement provides the foundation for developing a comprehensive mission statement. Maundu (2005) pointed out that many successful organisations change direction not to survive but to maintain their future success. A well articulated strategic vision creates enthusiasm for the future course management has chartered and poses a challenge that inspires and engages members of the organisation. A Vision statement outlines what the organization wants to be. It concentrates on the future. It is a source of inspiration. It provides clear decision-making criteria.

The mission definition stage of Strategic Planning encourages an organization to develop a brief description of purpose to inform potential stockholders, employees and customers what they can expect from the company. The mission statement answers the question "What is our business" David (2009). This looks into issues such as: what does the organisation try to satisfy, which a customer group is it targeting and by which technologies will it use? Mission Statements are enduring statements of purpose that distinguish one business from other similar firms. A mission statement identifies the scope of the firms operations in product and market terms (David, 2009). The specification of a company's mission marks the beginning of strategic analysis. It serves a crucial purpose in organisational decision making and tries to answer the question: what business are we in? This reveals an organisation's scope of the business activities it pursues – product and services, A Mission statement tells you the fundamental purpose of the organization. It concentrates on the present. It defines the customer and the critical processes. It informs you of the desired level of performance.

During the development of vision and mission, some organisations use discussion groups of

managers to develop and modify existing statements. Some organisations will hire consultants to manage the process. An outside person with expertise in developing such statements is thought to be unbiased and can manage the process more effectively. The process of developing a mission statement should create an emotional bond and a sense of mission between the organisation and the employees.

Thompson and Strickland (2001) states that developing a strategic vision and mission, establishing objectives and deciding on a strategy is basic direction setting tasks. They map out where the organisation is headed, its short range and long range performance targets and the completion moves and internal action approaches to be used in achieving the targeted business results. Together they constitute a strategic plan for coping with industry and competition conditions, the expected actions of the industry key players and the challenges and issues that stand as obstacles to the company's success. David (2009), says that the nature of a business vision and mission can represent either a competitive advantage or disadvantage to the firm. The organisation achieves a heightened sense of purpose when strategists, managers and employees develop and communicate a clear business vision and mission

2.3.2 Environmental Analysis

Certo (1995) describes environmental analysis as a formal procedure to monitor the organisation environment to identify present and future threats and opportunities and to assess critically its own strengths and weakness. Environmental analysis refers to both internal and external environment within which the organisation operates. To be successful over time, an organisation must be tuned with its environment. There must be a strategic fit between what the environment wants and what the organisation has to offer as well as what the organisation needs and what the environment can provide.

The external environment consists of variables outside the organisation which bring about opportunities and threats. These refer to economic, social, cultural and demographic, environmental, political, legal, governmental, technological and competitive trends and events that could significantly benefit or harm an organisation in the future. Opportunities and threats are largely beyond the control of a single organisation. David (2009) points out that the changes in these variables are creating a different type of consumer and consequently a need for different types of products, services and strategies. Environmental scanning or industry analysis is used to identify, monitor and evaluate external opportunities and threats.

Internal environment consist of variables that are within the organisation itself bit not within the short run control of management. These variables form the context in which work is done. They include the organisation's structure, culture and resources. By analysing these, an organisation is able to identify its unique strengths and weakness and determine its capabilities. David (2009) explains that internal strengths and internal weakness are an organisation's controllable activities that are performed especially well or poorly. Strengths and weaknesses are determined relative to competitors, by elements of being rather than performance for example ownership of natural resources or historic reputation of quality and determined relative to a firm's own objectives for example levels of inventory turnover. Internal factors can be determined using computation of ratios, comparing past periods and industry averages, employee morale, production efficiency and customer loyalty.

2.3.3 Establish Objectives

Strategic Objective phase consists of formulating actual business plans to achieve the visualised goals. The objectives have to be developed to fully realise the company's long term goals. David (2009) defines objectives as specific results that an organisation seeks to achieve in pursing its basic mission. The objectives represent the management commitment to achieving specific performance targets within a specified time frame. Objectives are essential for organisations success because the state direction, aid in evaluation; create synergy; reveal priorities; focus coordination. The objectives need to be SMART: Smart, Measureable, Achievable, Realistic and Time based. Objective setting needs to be more of a top down than bottom up practice in order to guide lower managers and organisational units towards outcomes that support the achievement of overall business and company objectives (Thompson and Strickland, 1998). This stage in strategic planning involves analyzing the current market trends and make committed decisions about where the business is heading. Defining Long term goals and visualising the future of the organisation can help focus on current activities and important financial decisions. Several techniques have been developed to enable managers generate and compare strategic alternatives; these include Boston consulting group business matrix, 9-cell portfolio matrix (product market evolution) and financial analysis.

Strategy analysis and choice is an activity that involves focusing on several alternatives, considering the selection criteria, evaluating all alternatives against the criteria and making actual choice. Making decisions is the most important job of the top management. It is also

the toughest and riskiest. The choice of strategy is made in the context of the decision maker and the decision situation. Past strategies are the beginning point of the strategic choice (Waititu, 2006).

2.4 Strategic Planning Practices

Strategic planning practices can be seen as formal or informal. Formal strategic planning refers to the degree to which participant, responsibilities, authority and discretion in decision making are specified (Pearce and Robinson, 2002). The practices produces a strategy document which is a comprehensive statement about the organisation mission and future direction, short term and long term performance targets and how management intends to produce the intended results to fulfil the mission given the organisation's situation (Thompson and Strickland, 1998). Informal strategic planning practices are characterised by executing, bargaining and negotiating, building coalitions and the practice of "muddling through" (Hax and Majluf, 1996). Informal planning is usually intuitive and under the influence of a visionary leader.

Johnson and Scholes (1999) identify three major ways in which a deliberate and planned and managerial intent can be explained in an organisation. These are planning view, the command view and the logical incremental view. In the planning view, strategies are proposed to develop through a rational and formalised sequence of analytical and evaluation procedures. The advantages of these view include the fact that it provides a structured means of analyzing, the ability to communicate the intended strategies thus create sense of ownership and provide a means of control through a regular reviewing of performance. The disadvantage of the planning view is that the strategies are implemented through people and hence cultural as well as political views of people have to be taken into consideration in establishing strategic planning practices.

The command view is whereby strategy is developed using the direction of an individual or group of people but not necessarily through formal planning. Strategy is seen as the product of one manager who is domineering and sees others as implementers and not decision makers. This is individual is either the founder or the political appointee of the organisation. This is mainly seen in small organisation or public sector organisation. The logical view sees strategy to develop to develop through small responses to a gradually changing environment and see the idea that strategies can be present on a grand scale through neat logical,

sequential planning mechanism.

The principal duty of the CEO is often defined as giving long term direction to the firm. The CEO is ultimately responsible for the success of the business and therefore its strategic practices. Additionally, the CEO's are often strong willed company oriented individuals with a high sense of self esteem. The board of directors provides guidance and usually plays the role of overseers (Pearce and Robinson, 2002). Organisations can be classified based on the number of employees; micro entrepreneurs' 1-9 employees, small entrepreneurs' 10-49, medium sized entrepreneurs' 50-249 employees and large sized employees 250 and more.

Jennings and Beaver (1997) observed that in a small firm the management process is unique and bears little or no resemblance to management practices, process or models developed to explain management function in their medium – larger counterparts. Within the small business context, the inability or unwillingness of owners to devote sufficient time to issues that concern strategic direction and development of the firm inhibits sustained growth (Hankinson and colleagues, 1997). The success of the small organisational is dependent upon the ability of the owner – manager to manage the firm effectively at both operational and strategic levels. Small organisations have little or no specialist expertise in strategic planning, managerial time and resource. The owner is in charge of developing the firm and they believe they own technical and management skills to operate a successful business to a certain level.

Wadsworth and Straiert (1993) observe that management commits resources for implementation. "Action plans are often used to spell out precisely what the implementation process will entail and to organise the allocation of resources. Action plans help ensure effective strategic implantation. The development of action plans should be seriously considered in strategic planning since strategies poorly implemented will waste time and effort put in the development of the plans. When implementing strategies, the results often deviate from what was actually planned due to uncertainty and risk. Therefore plans should be carefully monitored, time constraints allocated and a forecast should be made. Time constraints enable management to make proper commitment early and then work to carry strategies through completion. Forecasts aid management effectiveness in monitoring strategic process and making corrective modification (Wadsworth and Straiert, 1993)

2.5 Strategic Planning Challenges

A plan is not an answer to many managerial problems, though to many businesses it is

necessary. Strategic plans hold the key to looking into the future and creating direction intentionally as opposed to reacting to the market place. Kahindi (2006) noted that the rapid rate of change and technical innovations means organisations have to be agile and flexible in terms of both strategic planning and structure; markets and their operating environment are becoming more complex as traditional industries converge and supply of products and services increase in diversity.

Lack of resources can be seen as one of the major challenges that firms' face in the need to embrace strategic plans. Organisations have to look into their internal resources for sources of competitive advantage in uncertain markets. In this environment, innovation and the ability to propel ideas to market quickly become crucial. Values, beliefs and visions become critical when people are the key value drivers as they guide and align the behaviour of employees. Thompson and Strickland (2001) noted that in small owner managed companies; strategy is developed informally, often ending up with nothing written but only in the owners mind and understanding of a few stakeholders. The larger firms however tend to develop their strategic plans in annual strategic planning circles complete with prescribed procedures to include board participation.

Small organisations usually have the strategic plans made or know to the owner or the Chief Executive Office. Where there is dominance of the CEO, the effectiveness of the firms' strategic planning practices are likely to be greatly diminished. The strategic planning practices are strongly influenced by the ability of the CEO to provide managers at all levels the opportunity to play a role in determining the strategic posture of the firm (Pearce and Robinson, 2002). Where management styles involves the participation of employees in the strategic planning and its related strategies this challenge is reduced as there is more ownership of the employees who work together to ensure that practices put in place actually work. Large organisations do have an opportunity to have to have operational and strategy departments. Small and medium sized organisations do not have the benefit of planning departments or operational research groups (Gilmore, 1991). Also, small firms cannot afford strategic planning staff and personnel that large firms pose. Keith et al (1998) classified small firms as those with less than one hundred employees. Senior management in small firms is usually an individual and not a group of managers.

Steiner (1979) identified some critical shortcomings of strategic planning. The environment was identified as one of the shortcomings whereby the actual environment may prove

different from that which is expected. Since forecasting is not an exact science, plans that are based upon certain predictions that prove incorrect may fail. Internal resistance may also occur, where introduction of a formal planning system raises anti-planning biases that can prevent effective planning. Planning is expensive and managers throughout the planning process must continuously apply cost benefit analysis. Formal strategic planning is not designed to get a company out of sudden crises. There are inherent difficulties in planning itself, where planning requires a high level of imagination, analytical ability, creativity and fortitude to choose and become committed to a course of action. In the end, plans tend to reduce initiative in a range of alternatives beyond the plans. Lastly, planning systems will probably not be effective when they are excessively ritualistic and formal; when line managers try to delegate the task to staff, when managers give lip service to planning but make their decision without reference to plans or when they devote all their attention to short range problems and neglect thinking about the future.

Strategic planning involves flirting with possible error. Managers know of other managers who heavily relied on strategic plans were penalised, including loss of jobs, because they made wrong strategic choices. Managers may perceive that it is less risky for them to avoid strategic planning. If one must plan, the problem becomes how to avoid error or, if there is error, how to attribute it to someone or something else. Rowe et al (1994), states that the problem with formal strategic planning systems is that they tend to become ends in themselves as they are institutionalised within the firm. When too much effort is focused on meticulously developing "optimal strategies" rather than on challenging the assumptions on which these strategies are based, the mechanics of preparing the plan quickly overshadows the substance of a strategy. In the end, the result is an organisation being paralysed by its own strategic planning process. A rigid strategic plan can lead to misdirection, inefficiency and waste by superimposing artificial guidelines and rules that prevent managers from making needed changes.

It is important strategic planning be flexible and adaptive in light of the ever changing environment conditions under which the organisation exists. The view is also upheld by Thompson (1997) who asserts that in more turbulent environmental conditions which are less predictable, strategic success requires flexibility and the ability to learn about new opportunities and introduce appropriate changes continuously. Formal planning systems can still make a valuable contribution but the plans themselves must not be inflexible. Lack of flexibility is another reason why strategic planning does become a challenge.

Circumstances changes and plans become obsolete. Things change with the environment and if the organisation is not fast enough to adapt to the environment and the external factors then they end up not adding value. Strategic plans should have a mechanism for reviewing and adapting the plans as circumstances change.

Uncertainty and rapid change means that a planning approach to strategy does not function in most cases. Companies that want to outdo the competition have to improvise their way to new strategies. Consequently organisations are required to carve out roles in networks of players, often opting for competition rather than seeking profitable position among competitors in a clearly defined market. Price (2009) points out that for any business, strategic planning is important. It's the key to looking at the future and creating a direction intentionally as opposed to simply reacting to the marketplace on a daily basis. Price (2009) brings out the following reasons as to why strategic planning fails. Lack of focus is one of the reasons why strategic plans fail. So much time is taken trying to understand and define the mission, vision and values of the organisation and missing out on how they fit together, once they get to the creation of the plans and the implementation, they are just getting done and over with and are fatigued about it.

Operational plans should not be confused with strategic plans as is the case sometimes. As a result, planning becomes a matter of establishing financial targets into future rather than strategic issues that could be impacting the organisation in the future. They neglect what has changed since, what is changing now and what might change in future. Structures are required to support the creative process of the industry as well as the conversion of ideas into marketable products and services. The implication of the two for strategic planning functions includes requirement of a proactive rather than reactive approach to competing in competitive spaces. Organisations need to drive the development and definition of the market, if they have resources or identify the drivers in terms of companies and trends.

3.3 - Sampling

Sampling in research is conducted in order to allow a detailed study of part rather than the whole of a population. Researchers normally use the information derived from the sample to

CHAPTER THREE: RESEARCH AND METHODOLOGY

3.1 Research Design

The research design used for this study was a cross sectional survey. Survey design used helps to gather data that is systematic and factual about the behaviour, opinion and characteristics of the respondent. Survey research method is a useful fact finding tool for educational studies, and is preferred because of its appeal for generalization within a particular parameter. It's economical and efficiency features in the data collection strategy and its effectiveness in collecting description data of a population that may not be possible to observe and its ready acceptance of statistical analysis methods (Kerlinges and Lee, 2000). This allowed the study to obtain a more comprehensive picture of the strategic planning practices and challenges faced by the service providers in the telecommunication industry and facilitate comparison of data from correspondence that form a broad category.

Descriptive research was used in order to collect data in order to answer questions regarding current status of the subjects of the study. Sekaram (2003) explains that descriptive studies is undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation. Descriptive studies are undertaken to understand the characteristics of organisations that follow certain common practices. Survey and descriptive design was appropriate in this study as it seeks to ascertain the strategic planning practices and challenges among the service providers in the telecommunication industry.

3.2 Population

The study looked at the various firms that provide services to the four major companies in the telecommunications industry mainly; Safaricom limited Orange, Essar Communication, and Zain Kenya. The service providers in the telecommunication industry provide services such as construction, provision of equipment, advertising, promotional services, marketing, providing office equipment and furniture, providing network infrastructure and maintenance. The list of service providers was provided in July 2009, from supplier database in the four major telecommunication companies.

3.3 Sampling

Sampling in research is conducted in order to allow a detailed study of part rather than the whole of a population. Researchers normally use the information derived from the sample to

develop useful generalizations about the population. In this study, the researcher used first the stratified sampling and then the simple random sampling methods. Stratified sampling is used to identify subgroups of elements within the population that may be expected to have different parameters on variables of interest to the researcher (Sekaram, 2003). Stratification is the process of grouping members of the population into relatively homogeneous subgroups before sampling.

The sample size of the study is selected from a list of companies that do provide service to the telecommunication industry. This study looks more closely at a selected stratum, those firms that provide Network Infrastructure and maintenance services to the telecommunication industry which brings the total number of firms to 54. The sample size was then selected using simple random sampling. This sample was chosen mainly to look at the strategic planning practices and challenges faced by the Network infrastructure service providers since they need to keep up with the fast changing telecommunications industry.

3.4 Data Collection

This study used primary data and the researcher developed a questionnaire to help in data collection. Questionnaire consists of open ended and closed ended questions. This is to allow the respondents to comment on and add more information on the subject. The questionnaire will be divided into three parts; Part A consisted of questions on the respondent profile, the questions are demographic in nature and will seek to find out details about the organisation and the expected respondents. Part B of the questionnaire tackled issues relating to the strategic planning practices being used by the organisations. Part C of the questionnaire looked at the challenges they faces in their strategic planning.

The respondents of the study were either be the Chief Executive Officer or top managers within the organisation for instance the respondents will be CEO, deputy CEO or head of departments because the managers were most familiar with and involved in the strategic practices in the company. The questionnaires will be hand delivered in enclosed envelopes to the respondents in the various organisations and appointments will be made to see the respondents where further clarification is required.

3.5 Data Analysis

Data analysis is the process of gathering, modelling, and transforming data with the goal of

highlighting useful information, suggesting conclusions, and supporting decision making. Document analysis will be used to obtain information on the strategic planning process and challenges faced by the Service providers in the telecommunication industry.

Once the questionnaires are administered, numerical codes were assigned to the various close ended responses. However, coding for open ended questions was done after the responses in the filled questionnaires are obtained. The data was then categorised into numerical codes assigned to the various categories.

Data collected from Section A was analysed using descriptive statistics such as frequency distribution to give general overall picture about the organisation and the expected respondents. Section B and C was analysed using the factors analysis and tabulation. Factor analysis is a statistical technique used to reduce a vast number of variables to a meaningful, interpretable and manageable set of factors. The purpose of this analysis was to establish the strategic planning practices and challenges faced by the service providers in the telecommunication industry.

The data obtained for all the personal data. The frequencies for the number of individuals in the various positions were grouped together for this sample as shown in Table 4-1. The table below gives a summary of the survey respondent's designation. It may be seen therefore, that greatest number of individuals in the sample were Managing Directors / General Managers (31 %) and project Managers (31%). Only 3 individuals were Chief Executive Officers and another 3 were Logistics managers (8% from each).

Table 4-1: Respondents Designation

DESIGNATION	Frequency	Percent
Managing Director/ GM	10	31%
Chief Executive Officer	3	8%
Project Manager	10	31%
Logistics Manager	3	8%
Operations Manager	8	23%
	33	100%

69% of the respondents have worked for their respective organization for a period of 1-3 years making them more knowledgeable about the strategic planning practices in the organization. The Table 4-2 highlights the length of service the respondents have given to the organizations. 13% have worked for 1 year and the balance 15% have worked for over six

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

The data was collected, analysed and interpreted in line with the objectives of the study. A total of 45 questionnaires were issued and 33 questionnaires were returned, completed and considered usable for the study survey. This represents 72% response rate.

4.2 Demographic Data

Respondents Profile

The respondents in this case are mostly Managing Directors, General Managers or part of top management of the organization. They have been involved in strategic planning of the organization's and have a deep understanding of the organization's activities and the strategic plans at the business level of the organization.

Frequency distributions were obtained for all the personal data. The frequencies for the number of individuals in the various positions were grouped together for this sample as shown in Table 4-1. The table below gives a summary of the survey respondent's designation. It may be seen therefore, that greatest number of individuals in the sample were Managing Directors / General Managers (31 %) and project Managers (31%). Only 3 individuals were Chief Executive Officers and another 3 were Logistics managers (8% from each).

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Operations Manager	8	23%
	33	100%

69% of the respondents have worked for their respective organization for a period of 1-5 years making them more knowledgeable about the strategic planning practices in the organization. The Table 4-2 highlights the length of service the respondents have given to the organizations. 15% have worked for 1 year and the balance 15% have worked for over six

years.

Table 4-2 : Length of Service

LENGTH OF SERVICE	Frequency	Percent
1 Year	5	15%
1-5 years	23	69%
over 5 years	5	15%
	33	100%

Respondents who have been with the organization for less than 1 year make up 15% and those who have been with the organization for more than 5 years make up another 15%. The correlation between the years of service of the respondent and the years of operation of the organization is -0.08, showing very little relationship between the two variables.

Organisation Background Information

This highlights a summary of demographic profiles of organizations that were surveyed. The percentage of organizations that have in operation for more than 5 years is 62%. These organizations have been in existence since the burst in the telecommunication industry. Another 31% of the organizations have come up on the past 5 years and 8 % have just been in operation for one year. This is highlighted in the Figure 4-1.

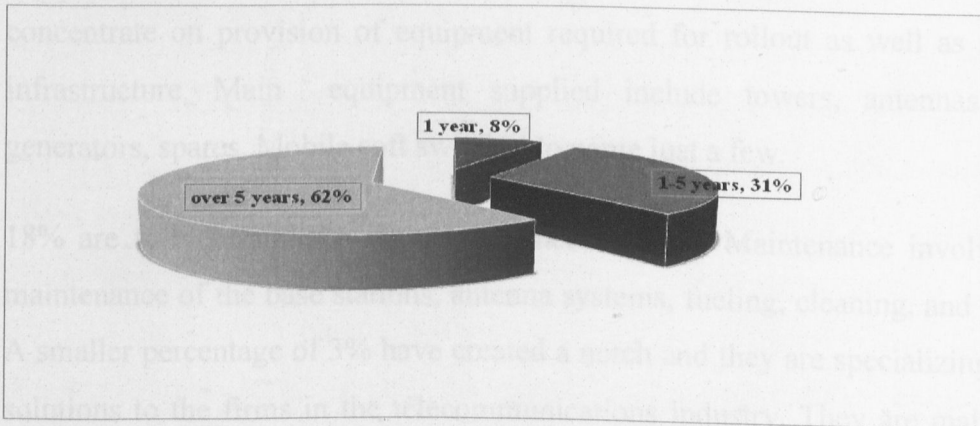


Figure 4-1 : Organizations years of Service

Organizations set in Kenya, make up 77% of the total organizations in the survey sample. These organizations have their headquarters in Nairobi which is believed to be the hub of telecommunication industry in Kenya, even though they operate all over the country. The other organizations which make up 23% are mainly foreign based companies with their headquarters in the United Kingdom and China. These companies have local offices and have

employed local expertise and knowhow to manage their businesses. Very few of these companies are individually owned.

The figure of 2.66 was arrived at as a statistical average on the size of the company. Using a coding where by 1 was made up of the organizations who number of employees were less than 10, 2: employees between 10 and 49, 3 between 50-200 and 4 as the code for those whose employees are more than 200. The average of 2.6 is therefore an indication that the organizations do have a typical number of employees between 50 and 200.

Areas of activity of the Organizations

The companies sampled showed that most service providers of Network Infrastructure and maintenance carried out more than just one activity. This group of companies makes up 33%. The majority of the companies that combine more than one activity integrate the activities of construction with that of maintenance especially those that have been in the industry for a while. Those that combine construction and equipment supply are mainly those that provide unique equipment which they manufacture and they do have proper knowhow on the installation and maintenance. The other major category is those that carry out construction of the network, they make up 30% and they mainly are involved in rolling out of the network on behalf of the four major players: Safaricom, Orange, Essar and Zain. 15 % mainly concentrate on provision of equipment required for rollout as well as maintenance of the infrastructure. Main equipment supplied include towers, antennas, radio equipment generators, spares, Mobile soft switches to name just a few.

18% are fully occupied with maintenance services. Maintenance involves on site repairs, maintenance of the base stations, antenna systems, fueling, cleaning, and repairs of the links. A smaller percentage of 3% have created a notch and they are specializing in creating energy solutions to the firms in the telecommunications industry. They are mainly concerned with finding solution to help cut on energy costs, and some of the solutions that they have successfully implemented include solar and wind power solutions.

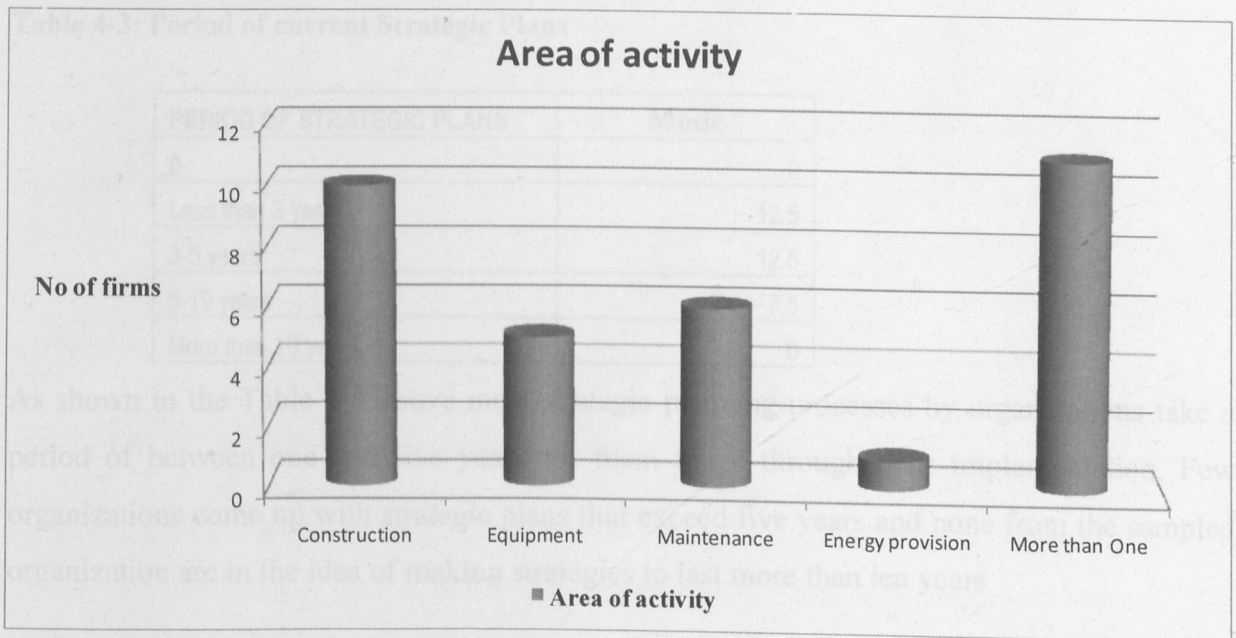


Figure 4-2 : Area of activity of the Organizations

The graph above highlights the various categories of activities carried out and the number in each group as explained above.

4.3 Strategic Planning Practices

4.3.1 Vision, Mission and Strategic Plans

A vision statement is a statement that answers the question “where do we want to go?” The respondents were asked to state whether or not they have vision statement, mission statement and Strategic plans. The finding reveal that the organisations which were sampled do have vision statements. The mean of 1.0303 indicates that most of the company’s actually have vision statements which are well documented. Analysis shows there is a confidence level of 0.0617. The visions mainly have strong inclinations towards providing quality service, creating strategic partnerships in the major four players in the Telecommunications industry.

4.3.2 Duration of strategic plans

The Table 4-3 below summarizes the length of time which the current strategic plans of the organization cover.

Table 4-3: Period of current Strategic Plans

PERIOD OF STRATEGIC PLANS	Mode
0	0
Less than 3 years	12.5
3-5 years	12.5
5-10 years	7.5
More than 10 years	0

As shown in the Table 4-3 above most strategic planning processes by organizations take a period of between one and five years for them to go through their implementation. Few organizations come up with strategic plans that exceed five years and none from the sampled organization are in the idea of making strategies to last more than ten years

4.3.3 Responsibility of Strategic Planning

Respondents were asked to state their responsibility in formulation the strategic plans for the organizations or highlight who was responsible for the strategic planning process.

Table 4-4 : Teams involved in Strategic Planning Process

TEAMS INVOLVED	MODE
Board of directors	20
Executive committee	12.5
Chief executive officer	10
Functional departments	10
Strategic planning Department	10
Middle/ Lower level management	5
Top management	22.5
External Advisors	10

In summary, setting up of objectives is mainly carried out by top managers of the organizations. As indicated in the Table 4-4 above a mode of 22.5 of the teams involved in the strategic planning process the top management. Strategic plans are mostly handled by them. To some organizations the strategic planning process is left for the board of directors and as seen, strategic plans cannot be formulated by one person and therefore the chief executive officer cannot come up with them. Functional departments, strategic planning department and external advisors also have less authority over the strategic planning process. The middle and lower level managers have lower preference when formulating strategic

plans.

Strategic plans are mainly the long term goals of an organization and the sampled organizations mainly addressed customer service and organization growth as the key long term objectives. Respondents also brought out the fact that profitability was among the company's long term objective although not given much priority. Revenue is also important to the organization and therefore among the objectives of the organization. Few

4.3.4 Use of the Strategic Planning Process

Respondents were asked to indicate the use of strategic planning process six distinct aspects of the planning process on a scale of 1-5 (1 being great extent and 5 being no extent). The results of these ratings are summarized using descriptive statistics. From the results, it may appear that mean on establishing a vision statement and the establishment of a mission statement is low (1.67 and 1.97 respectively) on the scale. This indicates that most of the respondents considered the process establishment of the vision statement and the mission statement to be importance to their organization but just too quite some extent. The mean on the development of key objectives was 1.54 which points out that the respondents use this step in the strategic planning process to a great extent. Communication of company vision, mission and objectives in an average (2.3 on a 5 point scale), and on monitoring and evaluation measures towards attaining set objectives is 2.33. The mean of 2.5 on the step on corrective action and review and addressing of those gaps indicate that most respondents perceive this step to be of moderate importance to the organization. The minimum of 1 indicates that few of the organizations do not use the distinct steps of the strategic planning process and the maximum of 5 indicates that most use the steps of the strategic planning process.

Table 4-5 : Use of Steps in Strategic Planning Process

	Mean	Std Deviation
Establishing a vision statement	1.697	0.883
Establishing a mission statement	1.970	1.104
Development of Key Objectives	1.545	0.869
Communication of company vision, mission & objectives	2.303	0.951
Monitoring and evaluation measures towards attaining obje	2.333	1.362
Corrective action and review and addressing of those gaps	2.515	1.372

The variance (not included here) for the establishment of the vision statement, Development

of Key Objectives and communication of company objectives are not high. The variance for establishing a mission statement, monitoring and evaluating measures towards attaining objectives and Corrective action and review and addressing of those gaps is very high indicating that most organizations are not close to the means on those variables.

4.3.5 Importance of Strategic Planning Activities

The study was also interested in determining the extent to which the organizations considered various activities of strategic planning important. The respondents per provided with a number of perceived statements and asked to indicate to what extent they did consider the activities important in strategic planning.

Table 4-6 : Importance of Strategic Planning Activities

	Mean	Std Deviation
Strategic planning group	3.091	1.528
Stakeholders have a buy in the planning process	3.091	1.627
Periodically gathering & analyzing data about market and other external factors which affect the business	2.818	1.310
Inclusion of cultural competence in your planning process	2.909	1.487
Obtaining feedback from stakeholders on strategic plans and objectives	2.909	1.422
Communication to stakeholders	3.030	1.531
Establishing of performance measures	3.152	1.302
Tracking performance measures for evaluation purposes	2.939	1.273

Table 4-6 shows the extent to which the respondents considered the activities important in their planning process. Generally the respondents were in between with regards to the activities of Strategic planning with most of the variables having a mean of 3 on a 5 point scale. 3.09 mean for Strategic Planning group is about average for the respondents sampled. Stakeholders buy in the planning process which has a similar mean to the strategic planning group is about average (3.09 on a 5 point scale). The mean on Periodical gathering of data and analysis is 2.82 which is rather low. As was the mean on inclusion of cultural competence's (2.9) and tracking of performance (2.94)

4.4 Strategic Planning Challenges

Strategic planning has faced some challenges. The study sort to find out the extent to which various challenges affected strategic planning process. Responses regarding the extent of the challenges were obtained from all the participants in the study. A scale of 1-5 (1 being no

extent and 5 being very great extent) was used and respondents were asked to indicate the extent of the variables to the strategic planning. The findings are summarized in Table 4-7 below.

Table 4-7 : Challenges affecting Strategic Planning

	Mean	Std Deviation
Rapid changes in technology	2.848	0.870
Failure to include employees	2.697	1.075
Resistance to change	2.758	1.119
Resource constraints	2.485	1.253
Legal constraints	2.667	1.243
External factors	3.182	1.131
Organizational structures	2.909	1.071
Communication of strategic plans	2.515	1.149

Organization strategic planning processes are moderately affected by external factors on a mean of 3.182. The organization structure also poses a moderate challenge to organization strategic planning on a mean of 2.909 on a rate of 1-5. Rapid changes in technology make the organization to change its planning from time to time to be at par with the technology. This however also affects the strategic planning process moderately just like the organization structure and external factors. Legal constraint, just like the latter also moderately affect the strategic planning of an organization by a mean of 2.667. A change in the legal system will make the organization to twist its strategic plan to suite them. Failure to include employees, resource constraints and communication of the strategic plans also pose a moderate challenge to the organization's strategic planning process with a mean of 2.697, 2.485 and 2.515 respectively. In general organizations face fewer challenges when coming up with strategic plans.

Other Challenges

Having highlighted the on the main challenges facing the service providers in the telecommunication industry, the study was interested to find out of there other challenges that affected the strategic Planning process in the service providers in the telecommunication. To a large extent, inadequate policy formulation by the regulator was cited as a challenge as well as lack of capital since most of the projects are capital intensive. The economic recession was also cited as a challenge to the strategic planning process because it has affected the already

set out budgets within the organisation.

Financing is a challenge to the strategic planning process especially when the payment terms for most of the services they provide is too long, for instance, payment after 6 months or even irregular payments will affect how they conduct their activities because of cash flow. This makes some of the companies unable to plan well and end up acting on a reactive basis. The industry is also very competitive now and the technology seems to be changing ever so often. Strategic planning therefore requires one to continuously be able to keep up with new technology and this requires resources and financing which are scarce and there has to be a trade of between carrying out the job and strategic planning.

Other challenges include lack of employees within the organisation to embrace the need for strategic planning. Most of the respondents say that the employees find it a waste of time and do not embrace change when it comes. Some of the respondents cited the lack a software solution to harmonise and unifies inter-departments as well having a proper tool for data collection which creates a hindrance to the strategic planning process.

Measures to minimise challenges

The study was interested in finding out measures that can be put in place to minimise the challenges of strategic planning. The following issues were picked out that from the findings. Educate the chief officers and top management on the need to have strategic planning process be an involvement of all stakeholders in the organisation and the advantages that could be arrived at. Refining of performance measures, tracking and evaluation could be used as a means to minimise challenges of strategic planning process. The need to allow for qualified personnel to handle and manage the strategic planning process with the input from various stakeholders in the organisation. Allocation of contracts and projects on an annual basis by the four major players; Zain, Safaricom, Orange and Essar, would enable the service providers plan well and ensure that they are able to meet the demands as stipulated by them. This will also ensure that they have adequate resources of both skilled and unskilled to support this effort.

CHAPTER FIVE: SUMMARY, DISCUSSIONS AND CONCLUSIONS

5.1 Introduction

This chapter gives a summary of findings from the presentation and discussions of the previous chapter. It highlights the finding of the study, the conclusion drawn from it and the recommendations.

The study employed survey research design to generate primary data with the help of questionnaires. The sample comprised of 45 respondents using simple random sampling from the various organisations who provide services to the telecommunication industry of which the research was able to get 33 questionnaires back which we used to make the conclusions of the population. The respondents were mainly made up top management who have been with the company for a period of between 1 to 5 years. The organisations which carry out mostly maintenance and construction have been in operation for more than 5 years. Descriptive statistics such as frequencies mean and percentages were used to summarise the data.

5.2 Summary Discussions and Conclusions

The first objectives of the study were to determine the strategic planning practices adopted by the service providers in the telecommunication industry. From the findings in the previous chapter, it indicates that most organisations do have written mission statement, vision statements and even objectives. The organisations strategic planning processes are documented but the respondents did not find the need to communicate the organisations vision, mission and objectives as important. The strategic plans cover a period of between 1 to 5 years. On the importance of the activities of the strategic planning process, most organisations on average are in between. They think that the strategic planning activities are neither too important or of very little importance to the organisation.

Although most organisations do have the mission statement, vision statement and set objectives, they have not yet embraced the need to actually have defined organisational effort in their strategic planning process. Most of the organisations leave the strategic planning process to top management. Zeithnal (1993) recommended that planning is not an informal or haphazard group of decisions made in response to a crisis, rather it is a purposeful effort directed and controlled by managers but often drawing on the knowledge and experience of employees throughout the organisation. This therefore requires that these organisations

involve more their staff in the strategic planning process.

Larger organisations generally adopted the formal strategic planning while the small one and those that are still starting up do not have well documented procedures. With the ISO certification becoming a major requirement, most organisations are now working hard towards ensuring that their process are documented and communicated to staff. Formalised planning can be useful in various ways such as involving people in the strategy development therefore helping to create ownership of the strategy, communicate the intended strategy and can be used as a means of control by regularly reviewing performance and progress against agreed objectives or previously agreed strategic direction. Previous researchers have pointed out the fact that top and middle level management are significantly involved in strategic planning process while lower level involvement was not quite significant. This is still the case, and as the industry is getting more dynamic, it would be of great importance to have more involvement of the lower level in strategy planning process.

The following conclusions on the on strategic planning practices of the service providers in the telecommunication industry were drawn from the research questions and findings of the research. External factors do affect strategic planning process and the service providers need to continuously monitor their environment to ensure that they are able to keep up with the competition in the industry. There is a need to take up more responsibility in evaluating the internal and environment. Service providers in the telecommunication industry seem to dwell a lot on medium term planning, mostly between 1 – 5 years. And very few have plans that are longer than 5 years due the dynamic changing telecommunication environment. All the same, there is need to translate these medium term plans into long term plans using results achieved from medium term plans.

The second objective of the study was to determine the strategic planning challenges faced by the service providers in the telecommunication industry. The main challenges that affect the strategic planning process is the lack of involvement by the all employees in the strategic planning process and well as communication of achievements to the stakeholders on the achievement of objectives.

The lack of established rule sin the industry gives industry participants considerable freedom to experiment with variety of different strategic planning approaches. For strategic planning process to be successful there has to be a means of communication of plans and achievements to all employees and stakeholders. Approaches to be used in doing so is not set out, but

depends on the size of the organisation and the structures put in place to facilitate the smooth flow of operations. Larger organisation and especially those with partnership with international organisation or headquarters internationally, seem to have a better flow of strategic planning though the legal requirements are stringent, but once the market and having covered all the requirements, there seems to be lots of prospective in the Kenyan market and they have been able create a niche here, especially the firms from China and the United Kingdom.

With regards to challenges faced by the service providers in the telecommunication industry, the following conclusions were drawn: for proper strategic planning and setting of objectives, it is important to involve the employees to ensure that they own the plans and are able to embrace any changes that occur during the implementation. Communication to staff has to be clear and ensure that there is flow of information with regards to strategic planning as well as communication to them on the achievement of objectives.

Tracking and Evaluating of strategic plans is a challenge and most the service providers were not too keen on reviewing of strategic plans on a regular basis. The service providers need to be able to come up with means to enable them turn this challenge into a means to enable them have a competitive edge over the other industry players. There is a need to have regular reviews of strategic plan to ensure the organisation stays on course and take up remedial action as soon as possible. Some of the Local organisations are diversifying there markets to the neighbouring countries such as Rwanda, Uganda and Tanzania. Tracking and evaluation of projects and regular reviews will be very key in ensuring that they are able to be competitive in those markets.

5.3 Limitations of the Study

The study relied on primary data from the respondents of the sampled organisations some of whom were not able to return the questionnaires. Some of the respondents were reluctant to provide the information due to the fact that this is a competitive industry and some the information is company secret which they use to outdo the competition. Some respondents were reluctant to provide information for fear of the information being manipulated. This required some persuasion.

There were constraints of time and some managers had to find time within their busy schedule to fill in the questionnaire. This was done so hurried and probably some did not take

this exercise seriously and information provided was not well thought out.

Getting information about the population of the study (list of service providers) was also considered as company confidential information. Safaricom, Essar, Zain and Orange were bit reluctant to provide this information especially in areas where new they were working on new products because this information could leak out to the competitor.

5.4 Suggestions for Further Research

Further study could be carried out to establish the link between the strategic planning to the Innovation strategies. This has not been looked at and would provide benefit to the service providers in the telecommunication industry as well as new investors who would like to venture into this market. Another area of study that could be of benefit for further research would be Research and development by service providers in the telecommunication industry. This would facilitate a framework for more effective strategic planning.

One of the major shortcomings to strategic planning is capital constraints. Further research can be conducted to look into cost and Quality management by service providers in the telecommunication industry in relation to strategy.

Other challenges have been brought out from this study and which seem to have great influence on the strategic planning practices. Further research can be carried out to analyse the extent to which this challenges affect the strategic planning process.

5.5 Recommendations for Policy and Practice

The companies with the Telkom industry whom the service providers serve need to also play an important role by providing adequate information to the service providers to enable make long term objectives and strategic plans. Lack of this information, makes the service providers' ill prepared for any dynamic changes in the environment. The policy providers too, should ensure that the policies set can allow for the growth of these companies. The main players in the Telecommunication industry in Kenya: Safaricom, Orange, Essar and Zain can use the findings of this study to help them access areas where they could make better partnerships with the service providers to ensure continuity of business and also incorporate some of issues brought out in their strategic planning processes.

The service providers in the telecommunication industry need to come up with software that

enables them to collect data especially on the environment to enable them make more informed decisions and Strategies for the organisation. ISO certification of these firms would be a step forward in ensuring that policies are well formulated and processes are followed, which will make them more competitive.

For new investors looking to venture into this industry to provide services to the telecommunication industry, with the findings of this report is able to understand the industry better. They should be able to use the findings to more informed decisions that will enable them have a competitive edge in the business.

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APPENDICES

Appendix 1: Letter to the Respondents

To Respondent

XYZ Limited,

P.O. Box

Nairobi

Dear Sir,

REF: RESEARCH QUESTIONNAIRE

I am a Masters of Business Administration (MBA) student at the University of Nairobi. I am required to submit as part of my course work assessment a research project report on a management issue. My research project is on Strategic planning by service providers in the telecommunication industry in Kenya.

Kindly fill in the questionnaire and provide all the details to the best of your knowledge on all the sections. I wish to assure you that the information collected in the questionnaire will be treated confidentially and will not be used for any other purpose other than academic research.

Yours faithfully,

Bibiana Elman

Registration No **D61/8298/2006**

cc: Supervisor – Martin Ogutu

Appendix 2: Sample Questionnaire

SECTION A: DEMOGRAPHIC DATA

Respondents Details

1. What is your current job title? _____
2. How long have you been with the organization? _____

Organization's Background Information

3. Name of the Organization _____
4. Years of Operation in Kenya _____
5. Headquarters of the Organization _____
6. What is the company ownership?
 - Local
 - Foreign
 - Group ownership
 - Individual ownership
7. Area of activity
 - a. Construction
 - b. Equipment
 - c. Maintenance
8. What is your company size in terms of the number of staff?
 - Below 10
 - 10-49
 - 50-200
 - Above 200

SECTION B: STRATEGIC PLANNING PRACTICES

9. Has your organization developed a vision statement?

Yes

No

Is it written?

Yes

No

What is it?

10. Has your organization developed a mission statement?

Yes ()

No ()

Is it written?

Yes ()

No ()

What is it?

11. Has your organization developed clear strategic plans?

Yes ()

No ()

12. What is the period covered under your current strategic Plan?

Less than 3 years ()

3-5 years ()

5-10 years ()

More than 10 years ()

13. Does your organization have specific, measurable Objectives?

Yes ()

No ()

14. What are the main Objectives of your organization?

15. What do the objectives generally address?

i. Growth ()

ii. Survival ()

- iii. Profitability ()
- iv. Revenue Generation ()
- v. Customer Service ()
- vi. Any other (Please Specify)

16. Indicate by placing a tick () who is involved in setting company objectives?

- i. Board of Directors ()
- ii. Executive Committee ()
- iii. Chief Executive officer ()
- iv. Functional departments ()
- v. Strategic Planning Department ()
- vi. Middle/ Lower management ()
- vii. Top management ()
- viii. External Advisors ()

17. What is the nature of the organization's Strategic Planning process

Documented ()

Not Documented ()

18. To what extent have the steps of the strategic planning process been used in your organization?

KEY: 1 – Great Extent

2 – Quite some Extent

3 – Moderate

4 – Little Extent

5 - No Extent

PROCESS	1	2	3	4	5
i. Establishing a vision statement					
ii. Establishing a mission statement					
iii. Development of Key Objectives					
iv. Communication of company vision, mission and objectives					

v.	Monitoring and Evaluation measures towards attaining set objectives					
vi.	Corrective action and review and addressing of those gaps					

19. To what extent does your organization consider the following strategic planning activities important?

KEY: 1 – Very Low 2 – Low 3 – In Between
 4 – High 5 – Very High

	Strategic Planning Activities	1	2	3	4	5
i.	Strategic planning group					
ii.	Stakeholders have a buy in the planning process					
iii.	Periodically gathering and analyzing data about market and other external factors which affect the business					
iv.	Inclusion of cultural competence in your planning process					
v.	Obtaining feedback from stakeholders on the strategic plans and objectives					
vi.	Communication to stakeholders					
vii.	Establishment of performance measures					
viii.	Tracking performance measures for evaluation purposes					

20. What other planning activities does your organization use during the Strategic Planning process? And to what extent?

NETWORK INFRASTRUCTURE FIRMS

1. NUBIA SIEMENS NETWORKS NV
2. BRE 5-ON KENYA LIMITED
3. ALAN DYK EAST AFRICA
4. DDC CAPITAL INTERNATIONAL CO LTD
5. DAVIS & SHIRLEY
6. CATHY INTERNATIONAL
7. SAAS GRINTEK TECHNOLOGIES
8. PROFESSIONAL FAX LTD
9. COGITECH ELECTRICAL & COMMUNICATION ENGINEERING
10. LS CABLE LTD
11. ROM EAST AFRICA LTD
12. AF SYSTEMS LTD
13. KENYA POWER & LIGHTING CO. LTD
14. ENGINEERING SUPPLIES LTD
15. REIME (KENYA) LTD
16. BRAVEN INTERNATIONAL PTE LTD
17. BROLAZ PRODUCTS (PTY) LTD
18. BLES COMMUNICATION SERVICES LTD
19. BROLAZ SUPPLIES LTD
20. ANDREW SATCOM AFRICA
21. REIME KENYA LIMITED
22. TKM MAESTRO LIMITED
23. BROLAZ EAST AFRICA LTD
24. NEC CORPORATION
25. AXEL ENGINEERING AND MANUFACTURING LTD
26. COMTEC NETWORKS LTD
27. KASHEEN
28. ANDREW SATCOM AFRICA
29. BROADBAND COMMUNICATION NETWORKS LIMITED
30. WINDWARD'S TECHNOLOGIES LTD
31. POWER TECHNES LTD
32. BALU WANGI ENGINEERING SERVICES LTD
33. SEAR GRINTEK TECHNOLOGIES
34. WINDWARD'S TECHNOLOGIES LTD
35. ALAN DYK EAST AFRICA
36. DELTA ENERGY SYSTEMS WITZELBERG AG
37. BROLAZ TELECOM SYSTEMS
38. BLACKWORTH HOOD

Appendix 3: List of Service Providers in the Telecommunication Industry

NETWORK INFRASTRUCTURE FIRMS

1. NOKIA SIEMENS NETWORKS NV
2. ERICSSON KENYA LIMITED
3. ALAN DICK EAST AFRICA
4. DG CAPITAL INTERNATIONAL CO LTD
5. DAVIS & SHIRTLIFF
6. CATHY INTERNATIONAL
7. SAAB GRINTEK TECHNOLOGIES
8. PROFESSIONAL TOOLS LTD
9. COGITECH ELECTRICAL & COMMUNICATION ENGINEERING
10. LS CABLE LTD
11. ROM EAST AFRICA LTD
12. RF SYSTEMS LTD
13. KENYA POWER & LIGHTING CO. LTD
14. ENGINEERING SUPPLIES LTD
15. REIME JARLSO AS
16. HUAWEI INTERNATIONAL PTE LTD
17. BROLAZ PROJECTS (PTY) LTD
18. ELRIS COMMUNICATION SERVICES LTD
19. DIVERSE SUPPLIES LTD
20. ANDREW SATCOM AFRICA
21. REIME KENYA LIMITED
22. TKM MAESTRO LIMITED
23. BROLAZ EAST AFRICA LTD
24. NEC CORPORATION
25. AXEL ENGINEERING AND MANUFACTURING LTD
26. COMTEC NETWORKS LTD
27. KATHREIN
28. ANDREW SATCOM AFRICA
29. BROADBAND COMMUNICATION NETWORKS LIMITED
30. WINAFRIQUE TECHNOLOGIES LTD
31. POWER TECHNICS LTD.
32. KALOLWANGA ENGINEERING SERVICES LTD
33. SAAB GRINTEK TECHNOLOGIES
34. WINAFRIQUE TECHNOLOGIES LTD
35. ALAN DICK EAST AFRICA
36. DELTA ENERGY SYSTEM(SWITZERLAND AG
37. INTEC TELECOM SYSTEMS
38. BLACKWOOD HODGE

39. KENMT BILL ENGINEERS
40. COGITECH ELECTRICAL & COMMUNICATION ENGINEERING
41. SEVEN SEAS TECHNOLOGIES
42. COM21
43. GENERATION PROFESSIONAL TELECOMMUNICATIONS
44. ASCOT POWER GENERATORS K LTD
45. UNIVERSAL ENGINEERING SYSTEMS
46. INTERCONNECT SOLUTIONS LTD
47. LINKSOFT COMMUNICATIONS SYSTEM
48. ERICSSON AB
49. ASCOM NETWORKS LTD
50. MANTRAC (K) LTD
51. ENCAPSULATED SYSTEMS
52. CDX GROUP EAST AFRICA
53. POWER TECHNICS LTD
54. NETSOL LTD
55. JAMII TELECOM
56. KENYA DATA NETWORKS
57. QUARANDUM LIMITED
58. UNITELL LTD
59. MOSAIC LTD
60. INTERCEL LTD
61. UHANDISI LTD