

**RESPONSE OF SAFARICOM KENYA LTD TO THE CHALLENGES OF
GLOBALIZATION**

BY

BERNARD AYIENGA MASIGA

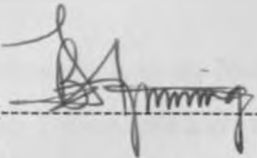
UNIVERSITY OF NAIROBI
LOWER KABETE LIBRARY

**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF BUSINESS AND ADMINISTRATION OF THE UNIVERSITY
OF NAIROBI, SCHOOL OF BUSINESS**

OCTOBER, 2009

DECLARATION

This Research study is my original work and has not been presented for the Award of a degree in any other University.

Student -----

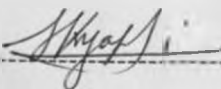
Date 27-10-2009

BERNARD AYIENGA MASIGA

D61/P/8386/2004

SUPERVISOR

This Research study has been submitted for examination with my approval as the University supervisor.

Supervisor -----

Date 29-10-2009

DR. JOHN YABS

DEDICATION

This dedication is to my loving parents Phanice and Elly. Without their knowledge, wisdom, and guidance, I would not have the goals I have to strive and be the best to reach my dreams. And to my wife Jane for her continuous support and for those times when she knew that it would be best not to disturb my concentration. Finally, to my children Vanessa and William, you are such a wonderful gift and a blessing from God.

ACKNOWLEDGEMENT

First of all, I would wish to thank my lovely wife Jane for her financial support and encouragement and my daughter Vanessa and son William for their understanding when I was not there for them during the project period; I wouldn't have made it this far without them.

I would wish to express my sincere gratitude to Dr. John Yabs my supervisor for his guidance; selfless dedication and encouragement in making this project a reality. I would also acknowledge the contribution of the rest of the University of Nairobi fraternity especially the library staff, department chairman and moderators to the success of this project.

I want to sincerely appreciate my employer, the Ministry of Finance for allowing the time to concentrate on my studies during the period I undertook the MBA course.

Thank you all.

Most important of all I extend my gratitude to the Almighty God for providing me with strength, knowledge and vitality that helped make this project a reality

ABSTRACT

Rapid globalization is one of the most salient aspects of the new millennium owing to the fast development of Information Technology (IT) in the last two decades (Brown, 1999). To different observers, different types of globalization can be identified even though most of the attention is in the areas of economy, technology, and culture (Brown and Lauder, 1996). According to Cheng (2000), there should be multiple globalizations, including technological globalization, economic globalization, social globalization, political globalization, cultural globalization, and learning globalization in the new millennium. However, globalization has brought with it challenges that have made local firms in Kenya to devise means of staying competitive not only in the global market but also in the local market. Local firms have been forced to diversify their product portfolio to cope with competition, maintain market share, enter into new markets and seal off any unexplored market segments that foreign competitors may come to exploit. The purpose and objective of this study is to determine the responses used by Safaricom Limited to curb the challenges of globalization.

This was a case study research on a population of Safaricom Ltd's employees from which a sample size of 8 was chosen from the heads of departments. Interview guides as primary data collection instruments were used and the qualitative data obtained was analyzed using in-depth content analysis.

The study concludes that Safaricom has responded to challenges of globalization by recruiting and retaining innovative and creative staff members, differentiating its products and services, engaging in intensive marketing, forming strategic alliance and acquisition with companies in the telecommunication industry. The study recommends that Safaricom should engage in cost reduction like its competitors and diversify into other countries both within and without East African region.

TABLE OF CONTENTS

DECLARATION.....	II
ACKNOWLEDGEMENT.....	III
DEDICATION.....	III
ABSTRACT.....	V
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study	1
1.1.1 Globalization Concept.....	1
1.1.2 Responses to Globalization	2
1.1.3 Telecommunication Industry in Kenya.....	3
1.1.4 Safaricom Limited.....	4
1.2 Statement of the Problem.....	5
1.3 Objectives of the Study.....	6
1.4 Importance of the Study.....	6
CHAPTER TWO: LITERATURE REVIEW.....	7
2.1 Introduction	7
2.2 Concept of Globalization	7
2.3 Globalization in Contemporary Social Theory	12
2.4 Challenges of Globalization.....	18
2.5 Coping with the Challenges of Globalization	20
CHAPTER THREE: RESEARCH METHODOLOGY	22
3.1 Introduction.....	22

3.2 Research Design.....	22
3.4 Data Collection	22
3.4.1 Population and Sample of the Study	22
3.4.2 Research Instrument Administration.....	23
3.5 Data Analysis	23
CHAPTER FOUR: DATA FINDINGS AND ANALYSIS.....	24
4.1 Introduction.....	24
4.2 General Information.....	24
4.3 Response to Globalization	25
CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION.....	28
5.1 Introduction.....	28
5.2 Summary of Findings.....	28
5.3 Conclusions.....	31
5.4 Recommendation	32
5.5 Area for Further Research.....	33
REFERENCES.....	34
APPENDICES	38
Appendix I: Research Interview Guide.....	38
Appendix II: Departments in Safaricom Ltd	40

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The chapter provides an introduction to the study of the effect of the effects of globalization on Safaricom Limited. It also explains the statement of the research problem. The chapter further, gives the general and specific objectives of the study while identifying the research questions that the study seeks to answer. Finally, the importance of the study is also discussed.

1.1.1 Globalization Concept

Globalization is the integration of economies throughout the world by means of trade, financial and technological flows, the exchange of technology and information and the movement of people, goods and services (Thompson and Strickland, 1993). Globalization is multi-faceted with economic, political-legal, social-cultural and environmental dimensions. Globalization also refers to the strategy of approaching worldwide markets with standardized products (Johnson and Scholes, 2002).

Globalization in its literal sense is the process of transformation of local or regional phenomena into global ones. It can be described as a process by which the people of the world are unified into a single society and function together. This process is a combination of economic, technological, sociocultural and political forces (Sheila, 2004). Globalization is often used to refer to economic globalization, that is, integration of national economies into the international economy through trade, foreign direct investment, capital flows, migration, and the spread of technology (Bhagwati, 2004).

The process of globalization creates new challenges and opportunities for firms. The opportunities include access to new markets that were previously closed due to cost, regulation, or indirect barriers, the ability to tap resources such as labor, capital, and knowledge on a worldwide basis, and the opportunity to participate in global production networks that are becoming prevalent in many industries such as automotive, electronics, toys and textiles.

Challenges come from foreign competitors entering firms' domestic markets, and from domestic competitors reducing their costs through global sourcing, moving production offshore or gaining economies of scale by expanding into new markets. Globalization challenges firms to become more streamlined and efficient while simultaneously extending the geographic reach of their operations.

Globalization; the growing integration of economies and societies around the world, has been one of the most hotly debated topics in international economics over the past few years. Advances in communication and transportation technology, combined with free-market ideology, have given goods, services, and capital unprecedented mobility. Northern countries want to open world markets to their goods and take advantage of abundant, cheap labour in the South.

Thus, from many points of view, it is clear that in most of the definition, the process of globalisation is seen as to breakdown of the following elements: borders between countries, governments, the economy and communities. It might also mean the increasing liberalization and openness of markets, particularly through the elimination of barriers to trade in goods and services and the development of an integrated international financial market. For the purpose of this paper, the term of globalisation that will be used here shall contain the above elements but should be simplified. Thus, simplified term of globalisation is "a process of increasing connectivity, where ideas, capital, goods, services and people are transferred across country borders" (PRUS, 2001).

1.1.2 Responses to Globalization

Survival and success of an organization occurs when the organization creates and maintains a match between its strategy and the environment and also between its internal capability and its strategy. Responses to globalization require organizations to change their strategy to match the environment and also to redesign their internal capability to match this strategy. If an organization's strategy is not matched to its environment, then a strategy gap arises. If its internal capabilities are not matched to its strategy, then a capability gap arises. Porter (1985) affirms that

it is important that organizations be able to shift strategy with changes in the environment and match their capabilities to the selected strategy in order to survive, succeed and remain relevant.

Firms in dynamic industries respond to environmental changes and competitive forces in different ways. Some improve current products, diversify and divest, while others employ techniques that ensure operational effectiveness. In order to achieve a competitive advantage, strategy needs to focus on unique activities. Operational effectiveness is necessary but not sufficient for achieving a sustainable competitive advantage (Porter, 1985). Changes in environmental conditions shape a firm's opportunities and challenges. A new environment necessitates the formulation of new strategy best suited to cope with change. According to Ansoff (1988) turbulent environments are characterized by unfamiliar rapid and unpredictable events.

1.1.3 Telecommunication Industry in Kenya

Most organizations rely on telecommunications to conduct business. Without a telephone line, without access to reliable e-mail, one is certainly not ready to compete in today's global village. There are currently slightly fewer than 400,000 fixed lines for 30 million Kenyans. Most of these lines are in Nairobi. Even then most businesses in the outskirts of the central business district do not have access to sufficient lines for voice and data communications. A number of organizations in this area are not able to obtain a reliable, dedicated Internet connection vital for their communication needs.

There is a serious concern that the Telecommunications sector is being ignored yet it holds the key to tremendous economic growth and the creation of thousands of jobs for Kenyans. From its early beginning in 1994 to date, Internet access in Kenya is still very low compared to other regions. The penetration of Internet in Kenya is still a paltry 1% with slightly under 500,000 users. Majority of Internet users in Kenya access it through Cyber Cafes. There is over 2000 cyber cafes country wide. There are 30,000 dial-up subscribers to the Internet and this number has been stagnant for the last three years. The reason is because of lack of telephone capacity in most residential areas and some parts of central business district. And very poor telephone

infrastructure in the other towns and high access costs due to the cost of local telephone calls. Because of regulatory limitation, access to the Internet by the ordinary user is mainly by telephone. There are currently cheaper and faster ways of connecting to the Internet such as use of wireless radio technology, but these require regulatory approval by CCK.

1.1.4 Safaricom Limited

Safaricom is the leading mobile phone operator in Kenya. It was formed in 1997 as a fully owned subsidiary of Telkom Kenya. In May 2000, Vodafone group plc, the world's largest Telecommunication company acquired a 40% stake and management responsibility for the company. Safaricom's aim is to remain the leading Mobile Network Operator in Kenya. With the growing subscriber base, the company has employed over 2300 employees and opened 10 retail shops in Nairobi, Mombasa, Nakuru and Kisumu. The firm has a wide dealer network of over 152 dealers countrywide. The company has developed a broad of services to meet the needs of the over 13.3 million subscribers. The increasing number of subscribers has had a positive influence on the company's profitability. The company's turnover rose from US\$280 million in 2004-2005 to US\$875million in 2008-2009

In the modern world of globalization, Safaricom has been able to keep pace with the global mobile telecommunications market by having strategic business associations, which help in meeting the dynamic challenges of the modern mobile telecommunications world. Its strategic association with the world leaders in mobile telephony has created a niche in the Kenyan market. Safaricom announced net profits of \$220million in the last financial year.

While most analysts agree that mobile telephony, Safaricom's core business, is on an upward growth curve in the region, some sceptics are saying that a convergence of factors could seriously impact on the bottom-line of what is the region's biggest mobile phone company. Top among these is the expected entry into the Kenyan market of two additional mobile phone service providers, Econet Wireless Kenya in July and Telkom Kenya later in the year. Their advent will raise to four the number of providers in the Kenyan market, with the forth being Celtel Kenya, which already controls about 25 per cent of the market.

1.2 Statement of the Problem

Rapid globalization is one of the most salient aspects of the new millennium, particularly since the fast development of information technology (IT) in the last two decades (Brown, 1999). To different observers, different types of globalization can be identified even though most of the attention is in the areas of economy, technology, and culture (Brown and Lauder, 1996; Waters, 1995). According to Cheng (2000, 2001), there should be multiple globalizations, including technological globalization, economic globalization, social globalization, political globalization, cultural globalization, and learning globalization in the new millennium.

Globalization has brought with it challenges that have made the local firms in Kenya to devise means of staying competitive not only in the global market but also in the local market. Local firms have been forced to diversify their product portfolio to cope with competition, maintain market share, enter into new markets and seal off any unexplored market segments that foreign competitors may come to exploit. Globalization is creating numerous opportunities for sharing knowledge, technology, social values, and behavioural norms and promoting development at different levels including individuals, organizations, communities, and societies across different countries and cultures. Even though globalization seems to be unavoidable to many countries and numerous initiatives and efforts have been made to adapt to it with aims at taking the opportunities created from it to develop their societies and people, in recent years there also have been increasing international concerns about the dangerous impacts of globalization on indigenous and national development. Various social movements have been initiated against the threats of globalization, particularly on developing countries (Cheng, 2000)

Locally, a few studies have been done on globalization which include; challenges of globalization & their impact on Kenya Airways, (Gichira, 2007), implications of globalization on private hire vehicle companies in Nairobi (Hannah, 2007) and strategic responses to globalization by foreign commercial banks in Kenya, a case of Barclays Bank (Mwasho, 2007). To the researcher's understanding, no study has been done to determine the responses of Safaricom Kenya Limited to the challenges of globalization. As such, this study seeks to fill the

gap in literature as far as globalization is concerned by determining the responses used by Safaricom Limited to the challenges of globalization.

1.3 Objectives of the Study

The objective of the study was to establish the responses of Safaricom Limited to the challenges of globalization.

1.4 Importance of the Study

The findings of the study will be important to Safaricom, as it will be able to assess whether the strategies it has adopted have been beneficial to the organisation as far as globalization is concerned. The results of this study will also be invaluable to researchers and scholars, as it will form a basis for further research. The students and academics will use this study as a basis for discussions on globalization.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter deals with the available literature that has been reviewed for the study. The literature is mainly on the effects of globalization on Safaricom Limited. The chapter is hence structured into concept of globalization, globalization in contemporary social theory, challenges of globalization and coping with the challenges of globalization.

2.2 Concept of Globalization

Globalization of the world economy is the integration of economies throughout the world through trade, financial flows, the exchange of technology and information and the movement of people. Different companies have moved into globalization for different economical, technological, socio-technological, political and market significations. Levitt (1983), the founding father of globalization, described globalization as a “standardized market for the globe with no boundaries between regions and nations”. At the time Levitt released his definition, it was the beginning of the new era in trade, openness, and knowledge mobilization across the globe. At that juncture, the economy was virtually described as a “commodity economy” before its transformation into a “digital economy” a decade later, then at long last its transubstantiation into a “knowledge economy”. This dramatic revolution from the tangibility to the intangibility of the economy calls for the amendment of Levitt's vision to cope with the twenty-first century's speedy convergence of globalization, knowledge, and technology.

Globalization introduces enormous opportunities to the developed world, but greater challenges to developing countries. The effectiveness of developing countries in business decisions depends on the availability and the speed of relevant knowledge. However, the developing world is already suffering the digital divide, and consequently information gaps. Paradoxically, even within the developed world, many multinational enterprises restrict their knowledge to certain areas such as offshore manufacturing and product design, while localizing the most knowledge-demanding entity, i.e. the management. This may result in a “cultural collision” either between

the branches of the same company or between the company and its customers and/or allies. In globalization, the scope of thinking must extend beyond the localized environment to global dimensions. Hence, there is a drastic need for new global knowledge governance strategies to handle such relations. Kidd (2001) stated that enterprises should become “cultural literate” to improve their understanding of exchanging or brokering knowledge between peers within the firm, or through linking with individuals in other firms.

The level of knowledge within the multinational and the level of knowledge exchange between the company and its allies or customers shape its global strategy. This in turn determines the degree of globalization to be pursued. It is noteworthy that this knowledge results from intermingled activities such as social networking, inter- and intra-organization communication, sharing, research and development, and innovation.

Globalization altered many organization’s conventional processes and procedures due to mobilization of knowledge through itinerant agents augmented by avant-garde ICT channels. The resultant knowledge spans across multinationals and commit “bidirectional transmutation” due to different cultures and heritages of knowledge nurturing. This is where the domestic knowledge (intra-organization) mutually interrelates with the exotic knowledge (inter-organization) to beget a completely new knowledge that differs from both domestic and exotic knowledge. This new knowledge is a true innovation and may cause a paradigm shift that looked-for in globalization.

In globalization, new knowledge can be fetched from business alliances, partners, customers, competitors, products, and various channels of distribution. Inkpen (1998) concluded that “in bringing together firms with different skills and knowledge bases, alliances create unique learning opportunities for the partner firms. By definition, alliances involve a sharing of resources.” However, Kasul and Motwani (1995) warned that the deployment of effective global strategy is not trouble-free. The authors argued that the principal issues of globalizing organizations are transferring of knowledge, autonomy, integration, and responsiveness. Nevertheless, the relationship between globalization and knowledge is recursive, as stated by

Lau et al. (2005) that globalization and growth resulted in new business opportunities to utilize the widely dispersed firms experience and expertise.

The term globalization has only become commonplace in the last two decades, and academic commentators who employed the term as late as the 1970s accurately recognized the novelty of doing so (Modelski, 1972). At least since the advent of industrial capitalism, however, intellectual discourse has been replete with allusions to phenomena strikingly akin to those that have garnered the attention of recent theorists of globalization. Nineteenth and twentieth-century philosophy, literature, and social commentary include numerous references to an inchoate yet widely shared awareness that experiences of distance and space are inevitably transformed by the emergence of high-speed forms of transportation (for example, rail and air travel) and communication (the telegraph or telephone) that dramatically heighten possibilities for human interaction across existing geographical and political divides (Harvey, 1989; Kern, 1983). Long before the introduction of the term globalization into recent popular and scholarly debate, the appearance of novel high-speed forms of social activity generated extensive commentary about the compression of space.

Writing in 1839, an English journalist commented on the implications of rail travel by anxiously postulating that as distance was “annihilated, the surface of our country would, as it were, shrivel in size until it became not much bigger than one immense city” (Harvey, 1996: 242). A few years later, Heinrich Heine, the émigré German-Jewish poet, captured this same experience when he noted: “space is killed by the railways. I feel as if the mountains and forests of all countries were advancing on Paris. Even now, I can smell the German linden trees; the North Sea's breakers are rolling against my door” (Schivelbusch, 1978: 34). Another German émigré, the socialist theorist Karl Marx, in 1848 formulated the first theoretical explanation of the sense of territorial compression that so fascinated his contemporaries. In Marx's account, the imperatives of capitalist production inevitably drove the bourgeoisie to “nestle everywhere, settle everywhere, and establish connections everywhere.” The juggernaut of industrial capitalism constituted the most basic source of technologies resulting in the annihilation of space, helping to pave the way for “intercourse in every direction, universal interdependence of nations,” in

contrast to a narrow-minded provincialism that had plagued humanity for untold eons (Marx, 1979: 476). Despite their ills as instruments of capitalist exploitation, new technologies that increased possibilities for human interaction across borders ultimately represented a progressive force in history. They provided the necessary infrastructure for a cosmopolitan future socialist civilization, while simultaneously functioning in the present as indispensable organizational tools for a working class destined to undertake a revolution no less oblivious to traditional territorial divisions than the system of capitalist exploitation it hoped to dismantle.

European intellectuals have hardly been alone in their fascination with the experience of territorial compression, as evinced by the key role played by the same theme in early twentieth-century American thought. In 1904, the literary figure Henry Adams diagnosed the existence of a “law of acceleration,” fundamental to the workings of social development, in order to make sense of the rapidly changing spatial and temporal contours of human activity. Modern society could only be properly understood if the seemingly irrepressible acceleration of basic technological and social processes was given a central place in social and historical analysis (Adams, 1931). John Dewey argued in 1954 that recent economic and technological trends implied the emergence of a “new world” no less noteworthy than the opening up of America to European exploration and conquest in 1492. For Dewey, the invention of steam, electricity, and the telephone offered formidable challenges to relatively static and homogeneous forms of local community life that had long represented the main theatre for most human activity. Economic activity increasingly exploded the confines of local communities to a degree that would have stunned our historical predecessors. For example, while the steamship, railroad, automobile, and air travel considerably intensified rates of geographical mobility. Dewey went beyond previous discussions of the changing temporal and spatial contours of human activity, however, by suggesting that the compression of space posed fundamental questions for democracy. Dewey observed that small-scale political communities (for example, the New England township), a crucial site for the exercise of effective democratic participation, seemed ever more peripheral to the great issues of an interconnected world. Increasingly dense networks of social ties across borders rendered local forms of self-government ineffective. Dewey wondered, “How can a

public be organized, we may ask, when literally it does not stay in place?" (Dewey, 1954: 140). To the extent that democratic citizenship minimally presupposes the possibility of action in concert with others, how might citizenship be sustained in a social world subject to ever more astonishing possibilities for movement and mobility? New high-speed technologies attributed a shifting and unstable character to social life, as demonstrated by increased rates of change and turnover in many arenas of activity (most important perhaps, the economy) directly affected by them, and the relative fluidity and inconstancy of social relations there. If citizenship requires some modicum of constancy and stability in social life, however, did not recent changes in the temporal and spatial conditions of human activity bode poorly for political participation? How might citizens come together and act in concert when contemporary society's "mania for motion and speed" made it difficult for them even to get acquainted with one another, let alone identify objects of common concern? (Dewey, 1954: 140).

The unabated proliferation of high-speed technologies is probably the main source of the numerous references in intellectual life since 1950 to the annihilation of distance. The Canadian cultural critic Marshall McLuhan made the theme of a technologically based "global village," generated by social "acceleration at all levels of human organization," the centrepiece of an anxiety-ridden analysis of new media technologies in the 1960s (McLuhan, 1964: 103). Arguing in the 1970s and '80s that recent shifts in the spatial and temporal contours of social life exacerbated authoritarian political trends, the French social critic Paul Virilio seemed to confirm many of Dewey's darkest worries about the decay of democracy. According to his analysis, the high-speed imperatives of modern warfare and weapons systems strengthened the executive and debilitated representative legislatures. The compression of territory thereby paved the way for executive-centred emergency government (Virilio, 1986 [1977]). But it was probably the German philosopher Martin Heidegger who most clearly anticipated contemporary debates about globalization. Heidegger not only described the "abolition of distance" as a constitutive feature of our contemporary condition, but he linked recent shifts in spatial experience to no less fundamental alterations in the temporality of human activity: "All distances in time and space are shrinking. Man now reaches overnight, by places, places which formerly took weeks and months

of travel” (Heidegger, 1971: 165). Heidegger also accurately prophesied that new communication and information technologies would soon spawn novel possibilities for dramatically extending the scope of virtual reality: “Distant sites of the most ancient cultures are shown on film as if they stood this very moment amidst today’s street traffic...The peak of this abolition of every possibility of remoteness is reached by television, which will soon pervade and dominate the whole machinery of communication” (Heidegger, 1971: 165). Heidegger’s description of growing possibilities for simultaneity and instantaneousness in human experience ultimately proved no less apprehensive than the views of many of his predecessors. In his analysis, the compression of space increasingly meant that from the perspective of human experience “everything is equally far and equally near.” Instead of opening up new possibilities for rich and multi-faceted interaction with events once distant from the purview of most individuals, the abolition of distance tended to generate a “uniform distance-less” in which fundamentally distinct objects became part of a bland homogeneous experiential mass (Heidegger, 1971: 166). The loss of any meaningful distinction between “nearness” and “distance” contributed to a levelling down of human experience, which in turn spawned an indifference that rendered human experience monotonous and one-dimensional.

2.3 Globalization in Contemporary Social Theory

Since the mid-1980s, social theorists have moved beyond the relatively underdeveloped character of previous reflections on the compression or annihilation of space to offer a rigorous conception of globalization. To be sure, major disagreements remain about the precise nature of the causal forces behind globalization, with David Harvey (1996) building directly on Marx’s pioneering explanation of globalization, while others (Giddens, 1990; Held, McGrew, Goldblatt, Perraton, 1999) question the exclusive focus on economic factors characteristic of the Marxist approach. Nonetheless, a consensus about the basic rudiments of the concept of globalization appears to be emerging.

First, contemporary analysts associate globalization with deterritorialization, according to which a growing variety of social activities takes place irrespective of the geographical location of

participants. As Jan Aart Scholte observes, “global events can -- via telecommunication, digital computers, audiovisual media, rocketry and the like -- occur almost simultaneously anywhere and everywhere in the world” (Scholte, 1996: 45). Globalization refers to increased possibilities for action between and among people in situations where latitudinal and longitudinal location seems immaterial to the social activity at hand. Even though geographical location remains crucial for many undertakings (for example, farming to satisfy the needs of a local market), deterritorialization manifests itself in many social spheres. Business people on different continents now engage in electronic commerce; television allows people situated anywhere to observe the impact of terrible wars being waged far from the comfort of their living rooms; academics make use of the latest video conferencing equipment to organize seminars in which participants are located at disparate geographical locations; the Internet allows people to communicate instantaneously with each other notwithstanding vast geographical distances separating them. Territory in the sense of a traditional sense of a geographically identifiable location no longer constitutes the whole of “social space” in which human activity takes place. In this initial sense of the term, globalization refers to the spread of new forms of non-territorial social activity (Ruggie, 1993; Scholte, 2000).

Second, recent theorists conceive of globalization as linked to the growth of social interconnectedness across existing geographical and political boundaries. In this view, deterritorialization is a crucial facet of globalization. Yet an exclusive focus on it would be misleading. Since the vast majority of human activities are still tied to a concrete geographical location, the more decisive facet of globalization concerns the manner in which distant events and forces impact on local and regional endeavours (Tomlinson, 1999: 9). For example, this encyclopaedia might be seen as an example of a deterritorialized social space since it allows for the exchange of ideas in cyberspace. The only prerequisite for its use is access to the Internet. Although substantial inequalities in Internet access still exist, use of the encyclopaedia is in principle unrelated to any specific geographical location. However, the reader may very well be making use of the encyclopaedia as a supplement to course work undertaken at a school or university. That institution is not only located at a specific geographical juncture, but its location

is probably essential for understanding many of its key attributes: the level of funding may vary according to the state or region where the university is located, or the same academic major might require different courses and readings at a university in China, for example, than in Argentina or Norway. Globalization refers to those processes whereby geographically distant events and decisions impact to a growing degree on “local” university life. For example, the insistence by powerful political leaders in the First World that the International Monetary Fund (IMF) should require that Latin and South American countries commit themselves to a particular set of economic policies might result in poorly paid teachers and researchers as well as large, understaffed lecture classes in San Paolo or Lima; the latest innovations in information technology from a computer research laboratory in India could quickly change the classroom experience of students in British Columbia or Tokyo. Globalization refers “to processes of change which underpin a transformation in the organization of human affairs by linking together and expanding human activity across regions and continents” (Held, McGrew, Goldblatt, Perraton, 1999: 15). Globalization in this sense is a matter of degree since any given social activity might influence events more or less faraway: even though a growing number of activities seem intermeshed with events in distant continents, certain human activities remain primarily local or regional in scope. Also, the magnitude and impact of the activity might vary: geographically removed events could have a relatively minimal or a far more extensive influence on events at a particular locality. Finally, we might consider the degree to which interconnectedness across frontiers is no longer merely haphazard but instead predictable and regularized (Held, McGrew, Goldblatt, Perraton, 1999).

Third, globalization must also include reference to the speed or velocity of social activity. Deterritorialization and interconnectedness initially seem chiefly spatial in nature. Yet it is easy to see how these spatial shifts are directly tied to the acceleration of crucial forms of social activity. As we observed above in our discussion of the conceptual forerunners to the present-day debate on globalization, the proliferation of high-speed transportation, communication, and information technologies constitutes the most immediate source for the blurring of geographical and territorial boundaries that prescient observers have diagnosed at least since the mid-

nineteenth century. The compression of space presupposes rapid-fire forms of technology; shifts in our experiences of territory depend on concomitant changes in the temporality of human action. High-speed technology only represents the tip of the iceberg, however. The linking together and expanding of social activities across borders is predicated on the possibility of relatively fast flows and movements of people, information, capital, and goods. Without these fast flows, it is difficult to see how distant events could possibly possess the influence they now enjoy. High-speed technology plays a pivotal role in the velocity of human affairs. But many other factors contribute to the overall pace and speed of social activity. The organizational structure of the modern capitalist factory offers one example; certain contemporary habits and inclinations, including the “mania for motion and speed” described by Dewey, represent another. Deterritorialization and the expansion of interconnectedness are intimately tied to the acceleration of social life, while social acceleration itself takes many different forms (Eriksen, 2001; Scheuerman 2004). Here as well, we can easily see why globalization is always a matter of degree. The velocity or speed of flows, movements, and interchanges across borders can vary no less than their magnitude, impact, or regularity.

Fourth, even though analysts disagree about the causal forces that generate globalization, most agree that globalization should be conceived as a relatively long-term process. The triad of deterritorialization, interconnectedness, and social acceleration hardly represents a sudden or recent event in contemporary social life. Globalization is a constitutive feature of the modern world, and modern history includes many examples of globalization (Giddens, 1990). As we saw above, nineteenth-century thinkers captured at least some of its core features; the compression of territoriality composed an important element of their lived experience. Nonetheless, some contemporary theorists believe that globalization has taken a particularly intense form in recent decades, as innovations in communication, transportation, and information technologies (for example, computerization) have generated stunning new possibilities for simultaneity and instantaneousness (Harvey, 1989). In this view, present-day intellectual interest in the problem of globalization can be linked directly to the emergence of new high-speed technologies that tend to minimize the significance of distance and heighten possibilities for deterritorialization and social

interconnectedness. Although the intense sense of territorial compression experienced by so many of our contemporaries is surely reminiscent of the experiences of earlier generations, some contemporary writers nonetheless argue that it would be mistaken to obscure the countless ways in which ongoing transformations of the spatial and temporal contours of human experience are especially far-reaching. While our nineteenth-century predecessors understandably marvelled at the railroad or the telegraph, a comparatively vast array of social activities is now being transformed by innovations that accelerate social activity and considerably deepen longstanding trends towards deterritorialization and social interconnectedness. To be sure, the impact of deterritorialization, social interconnectedness, and social acceleration are by no means universal or uniform: migrant workers engaging in traditional forms of low-wage agricultural labour in the fields of southern California, for example, probably operate in a different spatial and temporal context than the Internet entrepreneurs of San Francisco or Seattle. Distinct assumptions about space and time often coexist uneasily during a specific historical juncture (Gurvitch, 1964). Nonetheless, the impact of recent technological innovations is profound, and even those who do not have a job directly affected by the new technology are shaped by it in innumerable ways as citizens and consumers (Eriksen, 2001: 16).

Fifth, globalization should be understood as a multi-pronged process, since deterritorialization, social interconnectedness, and acceleration manifest themselves in many different (economic, political, and cultural) arenas of social activity. Although each facet of globalization is linked to the core components of globalization described above, each consists of a complex and relatively autonomous series of empirical developments, requiring careful examination in order to disclose the causal mechanisms specific to it (Held, McGrew, Goldblatt, Perraton, 1999). Each manifestation of globalization also generates distinct conflicts and dislocations. For example, there is substantial empirical evidence that cross-border flows and exchanges, as well as the emergence of directly trans-national forms of production by means of which a single commodity is manufactured simultaneously in distant corners of the globe, are gaining in prominence (Castells, 1996). High-speed technologies and organizational approaches are employed by trans-nationally operating firms, the so-called “global players,” with great

effectiveness. The emergence of “around-the-world, around-the-clock” financial markets, where major cross-border financial transactions are made in cyberspace at the blink of an eye, represents a familiar example of the economic face of globalization. Global financial markets also challenge traditional attempts by liberal democratic nation-states to rein in the activities of bankers, spawning understandable anxieties about the growing power and influence of financial markets over democratically elected representative institutions. In political life, globalization takes a distinct form, though the general trends towards deterritorialization, interconnectedness across borders, and the acceleration of social activity are fundamental here as well. Trans-national movements, in which activists employ rapid-fire communication technologies to join forces across borders in combating ills that seem correspondingly trans-national in scope (for example, the depletion of the ozone layer), offer an example of political globalization. Another would be the tendency towards ambitious supranational forms of social and economic lawmaking and regulation, where individual nation-states cooperate to pursue regulation whose jurisdiction transcends national borders no less than the cross-border economic processes that may undermine traditional modes of nation state-based regulation. Political scientists typically describe the trend towards ambitious forms of supranational organization (the European Union, for example, or North America Free Trade Association) as important recent manifestations of political globalization. The proliferation of supranational organizations has been no less conflict-laden than economic globalization, however. Critics insist that local, regional, and national forms of self-government are being rapidly supplanted by insufficiently democratic forms of global governance remote from the needs of ordinary citizens, whereas their defenders describe new forms of supranational legal and political decision as indispensable forerunners to more inclusive and advanced forms of self-government.

2.4 Effects of Globalization

Rapid globalization is the one of the most salient aspects of the new millennium, particularly since the fast development of information technology (IT) in the last two decades. To different observers, different types of globalization can be identified even though most of the attention is in the areas of economy, technology, and culture. According to Cheng (2000, 2001), there should

be multiple globalizations, including technological globalization, economic globalization, social globalization, political globalization, cultural globalization, and learning globalization in the new millennium.

Globalization has brought with it effects that have made Safaricom Ltd to devise means of staying competitive not only in the global market but also in the local market. Safaricom has been forced to diversify their product portfolio to cope with competition, maintain market share, enter into new markets and seal off any unexplored market segments that foreign competitors may come to exploit.

Globalization is creating numerous opportunities for sharing knowledge, technology, social values, and behavioural norms and promoting development at different levels including individuals, organizations, communities, and societies across different countries and cultures. Even though globalization seems to be unavoidable to many countries and numerous initiatives and efforts have been made to adapt to it with aims at taking the opportunities created from it to develop their societies and people, in recent years there also have been increasing international concerns about the dangerous impacts of globalization on indigenous and national development. Various social movements have been initiated against the threats of globalization, particularly on developing countries (Cheng, 2000)

Even though globalization seems to be unavoidable to many countries and numerous initiatives and efforts have been made to adapt to it with aims at taking the opportunities created from it to develop their societies and people, in recent years there also have been increasing international concerns about the dangerous impacts of globalization on indigenous and national development.

2.4 Challenges of Globalization

Organizational approaches to international business have evolved from multi-nationalism to globalization, necessitating a more sophisticated and well-trained management to cope with the complexities of the organization's involvement in multiple foreign markets. Global organizations source raw materials, production capabilities, distribution, capital, and employees from

throughout the world. Managers from various cultures/countries must be successfully moulded together at each corporate location, including the corporate headquarters, to maximize overall benefits to the corporate network. Although there has been a tendency to rely on parent-country nationals (e.g., expatriates), companies cannot wait to groom expatriates or take the time for them to acquire the multilingual skills, experience, and global vision needed in today's top global executives. The need to develop "multicultural multinational" organizations to compete in the global marketplace effectively is the logical next step in the evolution of the global organization.

Some multinational corporations (MNCs) are attempting to get an instant infusion of global expertise by making a "foreigner" the boss instead of training parent-country managers to become more globally cosmopolitan through expatriation (Pechter, 1993). These organizations are creating a truly global perspective and multicultural workforce by relocating host and third country managers into the domestic organization. The cultural makeup of management is becoming increasingly diversified as exemplified by Royal Dutch/Shell, with 38 nationalities represented in its London headquarters (The Economist, 1994).

The process of transferring international managers from their overseas assignments to the home/domestic market on a semi-permanent/permanent assignment is known as "inpatriation" (Harvey, 1993). Harvey, M. 1993. "Training Inpatriate Managers to Succeed in the Domestic Organization." Fourth Symposium on Cross-Cultural Consumer and Business Studies. Proceedings: 210-216

The inflow of managers into the domestic market may start with accomplished top executives, but within a reasonable time period these inpatriate managers should permeate all levels of the global organization. Researchers have noted that managers' ability to work cross-culturally is a crucial success factor in competing in the global marketplace effectively (Dadfar & Gustavsson, 1992; Granstrand, Hakanson, & Sjolander, 1993). To stimulate multiculturalism in the headquarters organization, human resource managers need to facilitate the inpatriation process, improving inpatriates' ability to function in the focal organization's home country. Correspondingly, inpatriate employees can be seen as boundary-spanners between home and host organizations, assisting in maintaining cultural consistency between organizational entities (Black & Mendenhall, 1989; Smith, 1984). Organizational

approaches to international business have evolved from multi-nationalism to globalization, necessitating a more sophisticated and well-trained management to cope with the complexities of the organization's involvement in multiple foreign markets. Global organizations source raw materials, production capabilities, distribution, capital, and employees from throughout the world. Managers from various cultures/countries must be successfully moulded together at each corporate location, including the corporate headquarters, to maximize overall benefits to the corporate network. Although there has been a tendency to rely on parent-country nationals (e.g., expatriates), companies cannot wait to groom expatriates or take the time for them to acquire the multilingual skills, experience, and global vision needed in today's top global executives. The need to develop "multicultural multinational" organizations to compete in the global marketplace effectively is the logical next step in the evolution of the global organization.

2.5 Coping with the Challenges of Globalization

Due to the complexity of globalization, companies must be learning organizations to offset the unknown parameters within the global competition equation. Venugopal and Baets (1995) state that globalization has forced organizations to transform themselves into learning organizations. Additionally, the authors make it a stipulation for global companies to succeed. Therefore, the conversion of global companies into learning global organizations is not a choice. Kagia (2002) reported that the emergence of the global knowledge economy has put a premium on learning throughout the world. Ideas and know-how as a source of economic growth and development, along with the application of new technologies, have important implications for how people learn and apply knowledge throughout their lives.

Globalization requires companies not only to be multinational and multilingual, but also to be multicultural corporations (i.e. GKBE). Hence, many multinationals must accept, adopt and blend multicultural aspects in their business processes. The de-layering of cultural strata must be a prerequisite before a multinational signs any memorandum of understanding with a host country. Hall (2001) investigated the knowledge value within global trends and found that the learning organization is where culture is optimized to gain knowledge, and that it is the

determinant of the creation, transfer and usage of knowledge at all levels. So the success of the organization depends on the degree of excellence as a learning organization. Hall (2001) added that there is an emerging global culture that is changing human expectations and understanding. This culture provides a global reality where co-creation and innovation in knowledge-sharing and relationships is flourishing.

Learning organization settings prevent global operations managers from being at risk of cultural conflicts and assist them to translate and transfer knowledge from their sites to other parts of the enterprise. Downes et al. (2000) concluded that global sharing of knowledge and corporate learning are critical in the overall satisfaction of expatriate managers. The authors added that expatriate managers contribute to the global learning of the firm, which forms know-how and global experience for future managers. Strategic learning in the learning organization can be in different settings that directly affect the company's global strategies and policies. Mohanty and Deshmukh (1999), report that the determinant factor in today's dynamic global competition is how to manage knowledge benefits in the enterprise. The authors developed a learning organization model for evaluating and selecting manufacturing strategies and technologies. Creating new knowledge for a specific purpose within the learning organization results in developing and securing a core competency for the company. Pemberton and Stonehouse (2000) attributed the success of companies in their competitiveness to the development of core competencies through learning organization settings.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter concerns the various steps that will facilitate the execution of the study to satisfy the objectives of this study. These steps include the research design, population of interest, data collection instruments and procedures and data analysis.

3.2 Research Design

This was a case study research. In general, a case study is a qualitative study that has been narrowed down to a specific unit but comprehensive enough to give representative information for similar units operating in the same environment. The use of case study in research is of particular importance taking in to account the advantages that come along with it. It is the easiest research free from material bias and enables one to intensively study a particular unit. This may not be possible with other methods of study. Nevertheless, scientific generalizations with respect to similar units operating in the same environment but in different geographical regions may be done with minimum complexity. A case study was chosen because as Patton (2002) reiterates, in-depth case studies provide much more detailed information but about a limited number of people and cases.

3.4 Data Collection

3.4.1 Population and Sample of the Study

The population of interest was Safaricom Company Limited as a unit of analysis. Ten departments in the organisation formed part of the sample for the study. These departments were, Finance, Commercial, Technical, Information technology, Supply chain and Administration, Human Resources, Corporate Affairs, New Products and Services, Customer care and Investor

Relations. The head of departments thus formed the sample of the study. The sample size for this study was 10 Heads of Departments from all the departments in the organisation.

3.4.2 Research Instrument Administration

The researcher used interview guide as primary data collection instrument. The interview guides were designed to give a brief introduction of the effects of globalization. The interview guide consisted of open-ended questions aimed at obtaining information on how Safaricom Limited responds to the challenges of globalization. The interview guides were administered through personal interviews with the head of selected departments. Personal interviews are advocated by Parasulaman (1986) as having the potential to yield the highest quality and quantity of data compared to other methods because supplementary information can be collected in the course of the interview.

3.5 Data Analysis

Data collected was purely qualitative and were analyzed by in-depth 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 phenomena that comprise the object of study. The researcher used the data with an aim of presenting the research findings in respect to the adopted responses to the challenges of globalization at Safaricom Ltd. The data findings were then presented in prose.

CHAPTER FOUR: DATA FINDINGS AND ANALYSIS

4.1 Introduction

This chapter presents the data findings of the study and their analysis there of. The data was gathered through interview guides and analysed using content analysis. According to the data found, all the 10 heads of department projected in the previous chapter to be interviewed were interviewed which makes a response rate of 100%. The commendable response rate was achieved at after the researcher made frantic effort at booking appointment with the head of department despite their tight schedules and making phone calls to remind them of the interview.

4.2 General Information

The study, in an effort to establish the interviewees' competence and conversance with matters regarding Safaricom Ltd asked questions on the years that the interviewees had worked for the organisation (Safaricom Ltd). According to the interviewees' response, all of them had worked for the organisation for at least five years as most promotions are internal, within the organization. The interviewees' responses hence had the advantage of good command and responsibility being that they head of departments and experience and aptitude owing to their years of experience in the organisation.

To the question on what the interviewees felt about the company's mission is all about, the interviewees said that Safaricom Ltd's mission is to empower individuals, community and businesses and grow its business and become Africa's leading mobile operator. According interviewees, understanding, because of such mission Safaricom Ltd strive to remain the leading Mobile Network Operator in Kenya by having a strong focus being placed on quality of service to its customers and continuing to implement best practices based on Vodafone's vast international experience and Telkom Kenya's unique knowledge of the Kenyan market conditions.

The interviewees further said that the mission statement of Safaricom Ltd has changed over the ten years. According to the interviewees, this has been due to changes in the business environment necessitated by escalation of globalization and consumer demand. The interviewees further were in accord that the structure of Safaricom Ltd had changed in the last ten year. The interviewees said that in response to changes in the company's mission statement and increase in customer base, the organization structure had to change for example creation of M-Pesa department and its own customer care team.

To the question on what the interviewees thought that globalization was to Safaricom Ltd, they said that Safaricom Ltd recognize globalization as 'a growing integration of economies and societies around the world' and see it as an opportunity to grow or a threat that can lead to its exit from the industry depending on its strategic response to it. To Safaricom Ltd globalization makes it possible for Safaricom to adopt new technology and learn from other global companies' strategies, success and failure hence the company polishes its strategies and take advantage of opportunities that globalization present.

4.3 Response to Globalization

To the question on how globalization relates to the company's survival and growth, the respondents said that globalization has ensured the survival and growth of Safaricom Ltd. Globalization has opened up East African region to the company and Safaricom has responded by diversifying into the market. Due to increase of Kenyan citizens in Diaspora, there was need for the company to invent money transfer system which saw the creation of M-Pesa. According to the interviewees, globalization has ensured survival since it enabled Safaricom Ltd's strategic association with the world leaders in mobile telephony which has created a niche in the Kenyan market.

To the question on the challenges faced by Safaricom Ltd as a result of globalization, the study finding show that the challenges brought by globalization are increased competition, obsolescence of certain technology due to the company facing new technology like 3G speed, Wimax and fibre

for data services, increasing demand from customers for quality, increased need for funds for expansion/diversification into other countries, shift in customer loyalty and cultural influences on customer needs and having the organization adopt to foreign culture, regulation and policies.

To the question on how the management of Safaricom Ltd measure the challenges brought by globalization, the data findings showed that the management of the company consider, variance in profitability and sales revenue, change in consumers' perception and demand, difficulty in formulating and implementing operation strategy, obsolesce and change in technology, size and diversity of competing companies, overall adjustment and industry standard deviation. The interviewees said that Safaricom uses Business Risk report.

The interviewees, on Safaricom Ltd's policies in regards to the challenges brought about by globalization, said that Safaricom Ltd's has a firm policy to strategically respond quickly and carefully to such challenges. The interviewees further said that in the light of globalization Safaricom Ltd seek to attract, develop, reward and retain outstanding individuals who we are committed to offering challenging responsibilities and development opportunities that can eliminate such threats. According to some interviewees, with globalization, Safaricom's policy has also been to highly differentiate its products and services in the competitive environment and be one-stop shop for all users' data and voice needs.

To the question on how Safaricom Ltd responds to these challenges, the data findings showed that Safaricom respond to these challenges by opening more retail shops countrywide and currently have countrywide dealer network to handle distribution and selling of its services and products, making strategic alliance in its quest for service delivery like through strategic alliances (Jamii Telecoms Limited; JTL) and deliberate strategy of targeted acquisitions (One Com Ltd) Safaricom has put the necessary structures (laying down of data cables) in place to achieve unmatched data proposition, engaging in Corporate Social Responsibility through Safaricom Foundation like 'open day' held at all Safaricom retail centres countrywide so that customers can try out live handsets, modems and laptops, enabling them to make more informed purchasing decisions, 2009 Tusker Open Golf Tournament to enhance Kenya's image on the

global map and Safaricom Marathon started to raise money for conservation and give recognition to conservancy. The interviewees further said that due to increased competition as a threat brought about by globalization Safaricom strives to have cutting edge innovation and change, crafted specifically to address all the existing and potential customer communication need like in data services, customers can access the internet through mobile internet, broadband modem and 3G router while in voice services there are many tariff that customers can choose from with the latest being Supa Ongea tariff whose rate ranges from 80 cents to 8 Kenyan shillings. Safaricom also as a response to globalization continues to introduce products and services like payment of bills through M-Pesa enrich Kenyans' lives and engage in heavy advertisement and promotions for the same like selling subsidized phones, giving offers and other promotions. The interviewees further said that globalization has had immerse effect on the company's profitability and marketing strategy. According to the interviewees, globalization leads to the exposure of the company to both threats and opportunity. The opportunity so far had seen profitability of the company increase unbelievably for example 2008 financial report showed an EBDIT increase of 1.7% excluding Forex loss despite competitors like Zain Kenya Ltd making a USD 7 billion loss in the same period. Owing to threats posed by globalization, the interviewees said that marketing strategy has been beefed up tremendously. The interviewees said that the companies marketing strategies has lied in a simple three fold strategy; using corporate sponsorships to market the company's different products and services, giving customers the services they want and building an infrastructure to provide those services. The data findings showed that Safaricom uses Swahili to maintain the customer loyalty. The use of Swahili in every of the company's slogans works as a closer connection with local communities and reinforces the understanding between Safaricom and Kenyans. Marketing strategies of the company involve adverts, messages and signage that make up campaigns channeled through all available media: TV, radio, retail units, press, billboards and website.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter presented the summary of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn are in quest of addressing the research question or achieving at the research objective which is the responses that Safaricom Ltd use on challenges brought about by globalization.

5.2 Summary of Findings

On what the Safaricom Ltd's mission is all about, the study that Safaricom Ltd's mission is to empower individuals, community and businesses and grow its business and become Africa's leading mobile operator. Safaricom Ltd, hence, strive to remain the leading Mobile Network Operator by having a strong focus being placed on quality of service to its customers and continuing to implement best practices based on Vodafone's vast international experience and Telkom Kenya's unique knowledge of the Kenyan market conditions. The study further found out that Safaricom's mission and organisation structure had changed over the past ten years owing to globalization. According to the findings the mission had to change owing to changes in the business environment necessitated by escalation of globalization and consumer demand while organisation structure changed to accommodate this for example to accommodate M-Pesa and Safaricom Foundation.

On what globalization was to Safaricom Ltd, the findings showed that Safaricom Ltd recognize globalization as 'a growing integration of economies and societies around the world' and an opportunity to grow or a threat that can lead to its exit from the industry depending on its strategic response to it for example globalization makes it possible for Safaricom to adopt new technologies and learn from other global companies' strategies, their successes and failures.

On how globalization relates to Safaricom's survival and growth, the study findings indicate that globalization has ensured the survival and growth of Safaricom Ltd. Globalization has opened up East African region to the company and Safaricom has responded by diversifying into the market. Globalization has brought other opportunities like Money Transfer System (MTS) as the world became 'one village', people travel necessitating the need for money transfer which saw the creation of M-Pesa. The findings further indicate that globalization has ensured survival since it enables Safaricom Ltd's strategic association with the world leaders in mobile telephony like Vodafone and Telkom Kenya.

On the challenges faced by Safaricom Ltd as a result of globalization, the study findings showed that the challenges brought by globalization are increased competition with Zain, formally Celtel, Telkom Kenya (Orange) and Econet's Yu brand including other competitors from east African region, obsolescence of certain technology due to the company facing new technology like 3G speed, Wimax and fibre for data services, increasing demand from customers for quality, increased need for funds for expansion/diversification into other countries, shift in customer loyalty and cultural influences on customer needs and having the organization adopt to foreign culture, regulation and policies.

On how the management of Safaricom Ltd measure the challenges brought by globalization, the findings showed that the management of the company consider variance in profitability and sales revenue, change in consumers' perception and demand, difficulty in formulating and implementing operation strategy, obsolescence and change in technology, size and diversity of competing companies, overall adjustment and industry standard deviation assessed through its Business Risk report.

On Safaricom Ltd's policies in regards to the challenges brought about by globalization, the study's findings indicated that Safaricom Ltd's has a firm policy to strategically respond quickly and carefully to such challenges; in the light of globalization Safaricom Ltd seek to attract, develop, reward and retain outstanding individuals who we are committed to offering challenging responsibilities and development opportunities that can eliminate such threats\ and to

highly differentiate its products and services in the competitive environment and be one-stop shop for all users' data and voice needs like in prepaid services Safaricom has data and messaging services, such as SMS, SMS2Email, WAP, GPRS, multi-media messaging and automated phone settings while in information services, services provided include voice services.

On how Safaricom Ltd responds to these challenges, the findings from the research showed that Safaricom respond to globalization challenges by opening more retail shops countrywide to handle distribution and selling of its services and products, making strategic alliance in its quest for service delivery like through strategic alliances (Jamii Telecoms Limited; JTL) and deliberate strategy of targeted acquisitions (One Com Ltd) Safaricom has put the necessary structures like laying down of data cables in place to achieve unmatched data proposition, engaging in Corporate Social Responsibility through Safaricom Foundation like 'open day' held at all Safaricom retail centres countrywide so that customers can try out live handsets, modems and laptops, enabling them to make more informed purchasing decisions, 2009 Tusker Open Golf Tournament to enhance Kenya's image on the global map and Safaricom Marathon started to raise money for conservation and give recognition to conservancy.

On responses to globalization challenges, the findings further indicated that due to increased competition, Safaricom strives to have cutting edge innovation and change, crafted specifically to address all the existing and potential customer communication need like in data services, customers can access the internet through mobile internet, broadband modem and 3G router while in voice services there are many tariff that customers can choose from with the latest being Supa Ongea tariff whose rate ranges from 80 cents to 8 Kenyan shillings. Safaricom also as a response to globalization continues to introduce products and services like payment of bills through M-Pesa, enrich Kenyans' lives and engage in heavy advertisement and promotions for the same like selling subsidized phones, giving offers and other promotions. The interviewees further said that globalization has had immense effect on the company's profitability and marketing strategy. According to study findings, opportunity that globalization bring had so far seen profitability of the company increase unbelievably for example in 2008 financial report.

EBDIT had an increase of 1.7% excluding Forex loss despite competitors like Zain Kenya Ltd making a USD 7 billion loss in the same period.

The study findings further indicated that owing to globalization, marketing strategy had been beefed up tremendously; the companies marketing strategies has lied in a simple three fold strategy; using corporate sponsorships to market the company's different products and services, giving customers the services they want and building an infrastructure to provide those services. The findings of the study further showed that Safaricom uses Swahili to maintain the customer loyalty. The use of Swahili in every of the company's slogans works as a closer connection with local communities and reinforces the understanding between Safaricom and Kenyans. Marketing strategies of the company involve adverts, messages and signage that make up campaigns channeled through all available media: TV, radio, retail units, press, billboards and website.

5.3 Conclusions

In the modern world of globalization, Safaricom has been able to keep pace with the global mobile telecommunication scenario by having strategic business associations; associations which add value to the global mobile telecommunication initiative and which help in meeting the dynamic challenges of the modern mobile telecommunication world. The study concludes that Safaricom has effectively been responding to challenges brought about by globalization this has enabled the company perform well even in 2008, a year characterized by post election, global recession and inflation.

As a measure to increase innovation in the company in light of increased competition and customers need, Safaricom Ltd's attract, develop, reward and retain outstanding individuals who we are committed to offering challenging responsibilities and development opportunities that can eliminate globalization's threats. Safaricom also differentiate its products and services for example in prepaid services Safaricom has data and messaging services, such as SMS, SMS2Email, WAP, GPRS, multi-media messaging and automated phone settings. It has also introduced many tariffs with different rates based on user's usage and financial status with the

most recent and outstanding one being 'Supa Ongea' tariff whose call rate changes from Ksh8 to 80 cents making it one of the cheapest tariff in the industry. Safaricom also introduced M-Pesa services whose synergy with voice services has embittered the customer loyalty.

The study further concludes that Safaricom Ltd response to globalization challenges include opening more retail shops countrywide to handle distribution and selling of its services and products, making strategic alliance in its quest for service delivery like through strategic alliances (Jamii Telecoms Limited; JTL) and deliberate strategy of targeted acquisitions (One Com Ltd), engaging in Corporate Social Responsibility through Safaricom Foundation like 'open day' held at all Safaricom retail centres countrywide so that customers can try out live handsets, modems and laptops, enabling them to make more informed purchasing decisions, 2009 Tusker Open Golf Tournament to enhance Kenya's image on the global map and Safaricom Marathon started to raise money for conservation and give recognition to conservancy.

5.4 Recommendation

From the discussions and conclusions in this chapter, the study recommends that although there Safaricom has been successful in neutralizing the challenges brought about by globalization, Safaricom should engage in more cost reduction as a response to its competitors' strategies whose products and services are much cheaper. While the introduction of 'Supa Ongea' was directed towards the same cause, a lot need to be done especially in its data services.

Besides providing its services and products at lower cost (cost advantage), Safaricom should deliver benefits that exceed those of competing products (differentiation advantage) to gain a competitive advantage over other firms. The study further recommends that Safaricom should heavily advertise itself in other countries and diversify in other countries that not in East Africa in order to take advantage of economic liberations in many countries as a result of globalization. This would increase its customer base and compete even more with Zain Kenya which is currently in 17 African countries.

5.5 Area for Further Research

The researcher recommends that further studies should be done on internationalization strategies used by Safaricom Ltd to globalization so as to comprehensively and exhaustively study globalization. The researcher further recommends that the same study be done on other companies in the telecommunication industry so as to find out how other companies also respond to globalization since each company do approach a different strategy.

REFERENCES

- Adams, H. (1931), *The Education of Henry Adams* (New York: Modern Library).
- Ball, D.A and McCulloch, Jr, *International Business: Introduction and Essentials*. Boston Massachusetts, Irwin, 1993
- Black, J. and Mendenhall, M. 1989. "A Practical but Theory-based Framework for Selecting Cross-Cultural Training Methods." *Human Resource Management*, 28(4): 511-539
- Brown, T. (1999), "Challenging globalization as discourse and phenomenon", *International Journal of Lifelong Education*, Vol. 18 No.1, pp.3-17.
- Castells, M. (1996), *The Rise of Network Society* (Oxford, UK: Blackwell).
- Cheng, Y.C. (2000), "A CMI-striplization paradigm for reforming education in the new millennium", *International Journal of Educational Management*, Vol. 14 No.4, pp.156-74.
- Cheng, Y.C. (2001), "A new paradigm of education: globalization, localization, individualization and contextualized multiple intelligence", invited keynote speech presented at the Conference on "Impact of Globalization on Education", organized by The National Institute of Educational Planning and Administration, 18-20 December, 2001, New Delhi, .
- Dadfar, H. and Gustavsson, P. 1992. "Competition by Effective Management of Cultural Diversity." *International Studies of Management and Organization*, 22(4): 81-92
- Dewey, J. (1954), *The Public and Its Problems* (Athens, Ohio: Swallow Press).
- Downes, M., Thomas, A.S. and McLarney, C. (2000), "The cyclical effect of expatriate satisfaction on organizational performance: the role of firm international orientation", *The Learning Organization*, Vol. 7 pp.122-34
- Giddens, A. (1990), "The Consequences of Modernity" (Stanford: Stanford University Press).
- Eriksen, T. H. (2001), "Tyranny of the Moment: Fast and Slow Time in the Information Age" (London: Pluto Press).
- Falk, R. (1999), "Predatory Globalization" (Cambridge, UK: Polity Press).

- Granstrand, O., Hakanson, L. and Sjolander, S. (1993). "Intel-nationalization of R&D - A Survey of some recent research". *Research Policy*, 22, 413-430
- Gurvitch, G. (1965), "The Spectrum of Social Time" (Dordrecht: Reidel).
- Habermas, J. (2001), *The Post-national Constellation: Political Essays* (Cambridge, MA: MIT Press)
- Harvey, David (1989), *The Condition of Post-modernity* (Oxford: Blackwell).
- Hall, B.P. (2001), "Values development and learning organizations", *Journal of Knowledge Management*, Vol. 5 pp.19-32
- Harvey, D. (1996), *Justice, Nature, & the Geography of Difference* (Oxford: Blackwell).
- Harvey, M. 1993. "Training Inpatriate Managers to Succeed in the Domestic Organization." Fourth Symposium on Cross-Cultural Consumer and Business Studies. Proceedings: 210-216
- Heidegger, M. (1971), "The Thing," in *Poetry, Language, Thought* (New York: Harper & Row).
- Heine, Heinrich. *Memoirs, from his works, letters, and conversations*, New York, Arno Press, 1973
- Held, D. (1995), "Democracy and the Global Order: From the Modern State to Cosmopolitan Governance" (Stanford: Stanford University Press).
- Held, D., McGrew, A., Goldblatt, D., and Perraton, J. (1999), *Global Transformations: Politics, Economics and Culture* (Stanford: Stanford University Press).
- Heinrich H.. *Memoirs, from his works, letters, and conversations*, New York, Arno Press, 1973
- Inkpen, A. (1998), "Learning and knowledge acquisition through international strategic alliances", *The Academy of Management Executive*, Vol. 12 pp.69-80
- Johnson G. and Scholes K. (2002). *Exploring Corporate Strategy; Texts and Cases*, Prentice Hall, New Delhi, 6th edition,
- Kagia, R. (2002), *Lifelong Learning in the Global Knowledge Economy: Challenges for Developing Countries*, World Bank, Washington, DC
- Kasul, R. and Motwani, J. (1995), "Performance measurements in world-class operations", *Benchmarking for Quality Management & Technology*, Vol. 2 pp.20-36

- Kidd, J.B. (2001), "Discovering inter-cultural perceptual differences in MNEs", *Journal of Managerial Psychology*. Vol. 16
- Levitt, T. (1983), "The globalization of markets", *Harvard Business Review*, Vol. 61
- Marx, K. (1979), "Communist Manifesto," in Robert Tucker (ed.), *The Marx-Engels Reader* (New York: Norton).
- McLuhan, M. (1964), "Understanding Media: The Extensions of Man" (New York: McGraw Hill).
- Mearsheimer J. J., (2003) *The Tragedy of Great Politics* (New York: Norton).
- Modelski, G. (1972), "Principles of World Politics" (New York: Free Press, 1972).
- Mohanty, P. and Deshmukh, S.G. (1999), "Evaluating manufacturing strategy for a learning organization", *International Journal of Operations & Production Management*, Vol. 19 pp.308-28
- Patton, M. (2002): *Qualitative research and evaluation methods*. 3rd ed. Thousand Oaks, CA: Sage Publications
- Pechter, K. 1993. "The Foreigners Are Coming." *International Business*, September: 55-60
- Pemberton, J.D. and Stonehouse, G.H. (2000), "Organisational learning and knowledge assets – an essential partnership", *The Learning Organization: An International Journal*, Vol. 7
- PRUS (2001), "Globalisation and poverty", *Poverty Research Unit – University of Sussex: (PRUS)*, No. 2, June
- Ruggie, J. G. (1993), "Territoriality and Beyond: Problematizing Modernity in International Relations," *International Organization* 47.
- Scheuerman, W. E. (2004), "Liberal Democracy and the Social Acceleration of Time" (Baltimore: Johns Hopkins Press, 2004).
- Schivelbusch, W. (1978), "Railroad Space and Railroad Time," *New German Critique* 14; 31-40.
- Scholte, J. A. (1996), "Beyond the Buzzword: Towards a Critical Theory of Globalization," in Eleonore Kofman and Gillians Young (ed.), *Globalization: Theory and Practice* (London: Pinter).

Scholte, J. A. (2000), "Globalization: A Critical Introduction" (New York: St. Martin's).

Smith, M. 1984. "Culture in International Business: Selecting Employees for Expatriate Assignments." *Studies in Third World Societies*, 28: 1-16. Williamsburg, VA: Department of Anthropology, College of William and Mary

The Economist, (1994), "The Discreet Charm of the Multicultural Multinational" July 30

Thompson, A. and Strickland A. (1993), "Strategic Management: Concepts and Cases", 7th Ed, Boston, Irwin

Tomlinson, J. (1999), "Globalization and Culture" (Cambridge, UK: Polity Press).

Venugopal, V. and Walter R.J. and Baets (1995): "Intelligent support systems for organizational learning." *The Learning Organization* 2.3 22-34

Virilio, P. (1986), "Speed and Politics" (New York: Semiotext[e]).

APPENDICES

Appendix I: Research Interview Guide

Part One: General Information

1. How many years have you worked at Safaricom Limited?
2. What is the Company mission about?
3. Has the mission changed in the last 10 years?
4. Has the structure of Safaricom Ltd changed in the last 10 years?
5. What do you think is globalization to Safaricom Ltd?

Part Two: Response to Globalization

6. How would you describe globalisation in relation to the company's survival and growth?
7. What are the main challenges faced by the organization as a result of globalization?
8. How does the Company measure the challenges brought about by globalization?
9. What are the Safaricom Ltd policies in regards to the challenges brought about by globalization?
10. How does the Company respond to these challenges? Explain in details the Company's response strategies to these challenges?

11. How has globalization affected the Company marketing strategy and profitability?

Appendix II: Departments in Safaricom Ltd

Names of departments in Safaricom Ltd	
1.	Finance
2.	Commercial
3.	Technical
4.	Information Technology
5.	Supply Chain and Administration
6.	Human Resources
7.	Corporate Affairs
8.	New Products & Services
9.	Customer Care
10.	Investor Relations

