STRATEGIC RESPONSE BY COMMUNICATIONS COMMISSION OF KENYA TO CHANGING TELECOMMUNICATIONS ENVIRONMENT

BY

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DECLARATION

This management research project is my original work and has not been presented for examination in any other University.

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D61/71585/2007

This management research project is submitted for examination with my approval as University Supervisor.

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Many thanks to the Almighty God for seeing me through the few semesters of MBA learning, I glorify you God. Special thanks to my family and friends for their encouragement and support.

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In addition, thanks to my fellow students for the companionship, brainstorming during group work and the brilliant ideas that helped me see life in different perspectives. This final document is as a result of your participation and input.
DEDICATION

I dedicate this work to my dear parents who have always stood by me. Their selfless effort in educating and teaching me good values at an early age laid a good foundation for my continuous learning. I am now a highly responsible citizen serving the nation, ready to take on greater responsibilities and challenges thanks to my MBA training.

I also humbly dedicate my work to the minority groups of this country (especially the people of Mbeere) who have patiently waited to be heard for a long time and who tirelessly make their contribution nonetheless to the common good of the Kenyan nation.
ABSRACT

The environment of an organization has an enormous impact on its performance. Of paramount concern to all organizational managers is attainment of necessary resources and customers in a timely and efficient manner. The distribution of organization factors (individuals, groups or organizations who buy goods or services, provide raw materials, new technologies, capital, labor, information and competition) greatly affects an organization’s operations. Managers respond to environmental factors in several ways. Efforts related to changing organizational activities are described as adaptation. Managers may also choose to control factors by setting up favorable linkages with them or by influencing their activities. Depending on circumstances, managers adapt the organization, control the environment or both. The decision whether to adapt the organization or control the environment depends on the domains in which the factors are located.

Organizational adaptation implies that part or all of the organization is transformed to make its activities more compatible with existing conditions - greater amounts of uncertainty require that managers seek a variety of ways to adapt the organization. To be successful, managers must develop strategies and structures to protect the organization's technical core. This is the organization's internal operations, which must be conducted in a predictable and orderly manner to be efficient.

The objective of this study was to find out the strategic responses applied by CCK to changing telecommunications environment. A case study was used so as to obtain an in-depth analysis of the organization. Primary data was used for the study. This was collected from top managers who deal with the Strategy process through an interview guide. The study found out that CCK has indeed applied strategic responses in its management. Challenges noted were that CCK as the only regulator of telecommunications services in Kenya is sometimes overwhelmed and may not be as fast in responding to changes in the industry. The limitations of the study were that a case study was used which may not apply to other organizations in the industry or different industries. Further study would require a detailed survey of other organizations in telecommunications for comparison or better still a study of other telecommunications regulators for instance FCC of the USA.
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<tr>
<td>3G/4G</td>
<td>3rd Generation, 4th Generation Networks</td>
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<td>CCK</td>
<td>Communications Commission of Kenya</td>
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<td>DSTV</td>
<td>Digital Satellite Television</td>
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<td>EAC</td>
<td>East African Community</td>
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<td>GSM</td>
<td>Global Satellite Mobile</td>
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<td>ICT/ICT4D</td>
<td>Information Communication Technology, ICT for Development</td>
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<td>ISPs</td>
<td>Internet Service Providers</td>
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<td>IT</td>
<td>Information Technology</td>
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<td>ITU</td>
<td>International Telecommunications Union</td>
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<td>KENET</td>
<td>Kenya Education Network</td>
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<td>KBC</td>
<td>Kenya Broadcasting Corporation</td>
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<td>KPTC</td>
<td>Kenya Posts and Telecommunications Corporation</td>
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<td>KTN</td>
<td>Kenya Television Network</td>
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<td>LLOs</td>
<td>Local Loop Operators</td>
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<td>MDG</td>
<td>Millennium Development Goals</td>
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<td>MIS</td>
<td>Management Information System</td>
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<td>Next Generation Networks</td>
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<td>NTV</td>
<td>National Television Network</td>
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<td>PCK</td>
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<td>PDNOs</td>
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<td>SIM</td>
<td>Strategic Issue Management</td>
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<td>Short Messaging Services</td>
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<td>TKL</td>
<td>Telkom Kenya Limited</td>
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<td>TV</td>
<td>Television</td>
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<td>UN</td>
<td>United Nations</td>
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<td>VSATs</td>
<td>Very Small Aperture Terminals</td>
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CHAPTER ONE - INTRODUCTION

1.1 Background of the Study

Environment is key to a firm’s success. The environment can be relatively stable or highly turbulent. Each level of environmental turbulence has different characteristics and requires different strategies and firm capabilities for the continued success of the firm. Strategic diagnosis is a systematic approach to determining the changes that have to be made to a firm’s strategy and internal capability in order to assure the firm’s success in the future environment. Mintzberg (2009), “Strategy can be defined as a plan, ploy, perspective, position and pattern”. Levels of strategy are Corporate, Business and Functional. Strategy is the direction and scope of an organisation over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations, (Scholes & Whittington, 2005).

Telecommunications is the fastest growing sector and has experienced drastic changes in the last 20 years. Rapid technological advancements have led to shrinking space, time and disappearing of borders. People’s lives - jobs, health and income, are affected by effects on the other side of the globe. Markets and technologies change at an unprecedented speed. Events at one part of the world impact people’s lives far away since information circulates around the globe instantly via internet, satellite TV and mobile technologies. For instance the recent Haiti earthquake, financial crisis and rise in petroleum prices. National borders are breaking down, not only for trade, capital and information but for ideas, norms, cultures and values and also in economic policy as multilateral agreements and pressures of staying competitive in global markets constrain options for national policy and as MNCs integrate their operations globally. Globalization is opening many opportunities for millions of people for increased trade, new technologies, foreign investments, expanding media and Internet connections thus fuelling economic growth and human advance. There is more wealth in technology and more commitment to a global community than ever before more so the advocacy for universal access to information from major cities to remotest of villages.
There is a lot of demand to close the Digital Divide across and within countries so as to provide a level playing field in global economics. AllAfrica.com website, [16/02/2009], “East Africa will move within two or three years from being one of the most backward regions in the world for ICT to becoming one of the most aggressive, competitive forward regions”. Global markets, global technology, global ideas and global solidarity have a huge potential to enrich lives of people everywhere immensely thus expanding their choices. Annan (2000), “If harnessed effectively Information and Communication Technologies (ICTs) have the potential to greatly improve our social, economic and cultural lives and to serve as an engine for development in areas ranging from trade to telemedicine and from education to environmental protection. World leaders need to work together to put ICTs at the service of development as part of the eighth Millennium Development Goal: Developing a global partnership for development”.

The telecommunications sector in Kenya has experienced drastic changes in the last one or so decades especially from early 1990s. Challenges in provision of services within the then existing government controlled monopoly framework (Kenya Broadcasting Corporation and Kenya Posts & Telecommunications Corporation) called for an overhaul in the structure and policies guiding broadcasting, postal services, telephony and general telecommunications operations. Gradual liberalization of broadcasting sector began in 1989 when the government licensed a privately-owned Kenya Television Network (KTN) to broadcast in Nairobi. In July 1990, Stellagraphics Ltd (STV) was licensed and in 1996 the first commercial radio station, Metro FM began followed closely by Capital FM. The Kenya government also enacted the Kenya Communications Act in December 1998, which formed the legal basis for reform of the telecommunications sector. The purpose of the Act was clear and unambiguous; to contribute to “development of the Kenyan economy as a whole by ensuring availability of efficient, reliable and affordable communications services throughout Kenya”. Key to the Act was establishment of an independent regulatory authority, the Communications Commission of Kenya (CCK), the split of posts and telecoms from the Kenya Posts and Telecommunications Corporation and their establishment into licensed limited companies of Telkom Kenya (TKL) and Postal Corporation of Kenya.
1.1.1 Major Concepts on Strategic Response

Strategic management relates to positioning and relating a firm to its environment in a way that will assure continued success. The external environment of a firm is global, regional or national (local). Environmental changes shape opportunities and challenges facing organizations. There is need to adjust to these changes to remain successful in future. Strategic aggressiveness is described by two characteristics: degree of discontinuity from past strategy – markets or products; and timeliness of introduction of new products/services. Strategic aggressiveness must be appropriate for each level of environmental turbulence. Organizational capability must be appropriate for each level of strategic aggressiveness. The formality of a strategy is influenced by organizational factors including growth in size, complexity in products or markets; external factors like technology, competition, economics and performance. Formality of strategic planning sometimes presents dangers of inflexible organizations that lack creativity and originality in responding to the environment, is time consuming and may involve inappropriate executives who cannot respond proactively.

In organizational adaptation real time strategic response is advocated based on appreciation that: periodic planning systems aren’t able to perceive and respond to threats and opportunities in a turbulent/chaotic environment, timely response is critical to avoid adverse effects or missed opportunities and that costs of none response could lead to lost accumulative profits and high costs of reversing the loss. Mintzberg (1987), formal strategic planning only gave rise to deliberate strategies. Realized strategy is the outcome of both deliberate and emergent strategy. Thus strategic issue management enables a firm to respond in a timely manner by detecting surprising changes, increasing time for response and responding in real time. Also structure follows strategy, Chandler (1962). Matching organization structure to strategy involves designing an internal structure around tasks and activities most critical to success of the strategy and making strategy-critical activities and organization units the structure’s main building blocks. It also involves pinpointing primary activities and key tasks critical to successful strategy execution, establishing ways to achieve necessary coordination and determining degree of authority each unit needs.
1.1.2 Strategic Responses in the Telecommunications Sector

By early 1990s, electronics revolution had swept the world, and most countries realized that they could not compete in many markets without a vibrant, competitive telecommunications sector. As a result, the European Union, Canada and United States launched major new liberalization policies that aimed at opening all telecommunications markets to competition. Evolution of incumbent Telecom operators in both developed and developing countries from government owned monopolies to private and quasi-government entities, entry of private Telecom operators, enforcement of ITU for all broadcasters to migrate to Digital Broadcasting by 2015, growth of internet and worldwide computer networks, convergence of technologies, proliferation of broadband technologies, mobile phones and Next Generation networks contributed greatly to a paradigm shift in telecommunications economics. Telecommunications has gradually been embedded in and infiltrated all sectors of the economy as a backbone for communications, a key success factor for many businesses. As state owned Telecommunications monopolies changed from PTTs (Post, Telegram and Telephone) to more diversified private sector and less monopolistic entities, long range goals aimed at improving telecommunications efficiency and utilization would be centred on policy and reforms. Many countries after privatizing their Telecom outfits realized sooner or later that mere privatization was not enough – a fair and efficient regulatory structure was necessary.

In Kenya telecommunications services started as early as 1928 when KBC commenced the first Radio broadcasts. In 1977 Kenya Posts & Telecommunications Corporation was formed to replace the defunct East African Posts and Telecommunications Corporation of 1948. Liberalization took place in 1990s, culminating in the Kenya Communications Act No. 2 of 1998. Internationally the digital terrestrial broadcasting plan was established at the Regional Radio Conference in Geneva, 2006 requiring countries to start migration from analogue to digital terrestrial broadcasting. RRC-06 set June 17th 2015 as the deadline for transition. In the same year, the Ministry of Information & Communications set up a taskforce on the migration from Analogue to Digital Broadcasting in Kenya.
At the same time the Ministry formed the National Information & Communications Technology (ICT) Policy of Kenya as a product of the economic recovery strategy for wealth and employment creation (2003-2007) based on COMESA Model adopted by COMESA Council of Ministers in March 2003. The policy was aimed at encouraging sustained economic growth and poverty reduction, promoting social justice and equity, mainstreaming gender in national development, empowering youth and disadvantaged groups, stimulating investment and innovation in ICT and achieving universal access. Generally, the policy would address market structure, policy objectives and targets, implementation strategies, universal access and institutional framework of IT, broadcasting, telecommunications, radio frequency spectrum and postal services.

The upcoming of various players in the industry introduced very stiff competition and sometimes exploitation of citizens especially in mobile telephony and internet access. Quality of service has been poor – guaranteeing that service providers maintained the right levels of service remained a challenge. Consumers have experienced problems of congested networks, dropped calls and messages and even connection to unintended recipients. In broadcasting interference with other broadcasters’ signals especially on radio, poor and abusive content on air are some of the challenges the viewer/listener has experienced. The internet access cost has remained high and guaranteed bandwidth has been hard to achieve. The post office has also been a poor performer for a long time and required reforms. Hardin (1968), "..Ruin is the destination toward all men rush, each pursuing his own best interest, in a society that believes in the freedom of the commons...“. Other challenges were lagging behind market leaders where no regulatory framework existed for new services/products and players set their own rules ahead of CCK. For instance Safaricom MPESA which could not be licensed either under banking or telecommunications. Also KBC’s commercial services like Metro FM and Channel 2 which ran in the same way as Commercial broadcasting stations like KTN, NTV while KBC is a National broadcaster. Lastly prolific entry of electronic and telecommunications devices in a liberalized market where CCK and Kenya Bureau of Standards had no standards to govern technical specifications. CCK had to strive to provide operating guidelines for the industry, sometimes too late.
1.1.3 The Communications Commission of Kenya

The key roles and functions of CCK are licensing, price regulation, frequency management (allocation & monitoring), type approval of equipment and establishment of interconnection principles. A subsidiary Telecommunications legislation of 2001 set guidelines on how the regulations would operate in regulating issues such as interconnection, pricing and dispute resolution. Structurally, CCK is managed by 7 Commissioners who are appointed by the Minister. The Act prescribes that one must be appointed from the private sector, one from the Telecommunications sector, one from consumer bodies and three each from the Ministries of Finance, Communications and Defense. The Minister also appoints the Director General for a 4-year term, renewable for one other term. Apart from being the National Telecommunications regulator, CCK represents the country internationally and regionally so as to articulate developments in Kenya to regional and global trends. Telecommunications policies within countries are influenced by ITU regulations internationally and regional bodies.

Some of the strategies that CCK has implemented include: Regulatory independence, Exclusivity of the incumbent operator, Liberalization of TV and radio broadcasting and Regional infrastructure initiatives. Financially, CCK is an independent institution wholly funded from annual license and spectrum fees and does not rely on government appropriations. CCK sets guidelines for the telecommunications sector by defining targets for industry players for instance mobile companies and TKL on number of subscriber lines to provide in a given period, regulating sharing of resources to avoid duplication of infrastructure, regulating internet connectivity and issuing broadcast licenses among others. A key feature of the policy framework in Kenya, which influenced performance of the sector is the exclusivity over voice telephony granted to the incumbent fixed operator, Telkom Kenya for a five-year period (1999 to 2004). Furthermore, TKL had exclusivity over the international gateway. Competition could only be limited to the mobile market. CCK set this to protect TLK against undue competition from the private sector. Kenya was not alone in protecting the monopoly of the incumbent on fixed telephony. In Tanzania the privatized Tanzania Telecommunications Company got exclusivity on fixed line from 2000 to 2005.
CCK also protected the Kenya Broadcasting Corporation through cositing of other broadcasters on KBC’s sites (sharing of antenna masts and transmitter buildings). This enabled KBC to earn revenue from the shared resources thus remain afloat of competition from commercial stations that had better and more modern technologies as well as more flexible programming. The state broadcaster, December 9, 2009 migrated from Analog to Digital Broadcasting setting the pace for transition in 2012. The government through CCK formed a subsidiary arm of KBC (Signet) as the signal distributor of the digital platform. Media houses would now generate content at their studios and link to Signet for distribution, Infotech Spotlight (2009). The other organization that received protection from CCK is Public Postal Operator (PCK). To fulfill universal service obligations, PCK was granted exclusivity in reserved services - private letter boxes, printing/issuance of postage stamps, delivery of letters weighing up to 350 grams and postal financial services. By this exclusivity, PCK would realize sufficient funds for provision of universal postal services and when necessary seek tax concessions. This would compensate it for the universal service role of providing affordable basic postal services in unserved and underserved areas across the country.

In broadcasting the country liberalized the airwaves with many operators entering FM radio broadcasting market. Out of over 15 million households in Kenya, 87 percent have radios and 20 percent have television sets. As radio and TV continue to be integral parts of ICT infrastructure, the possibility of offering other communications services via broadcasting is slowly becoming a reality. CCK has been exploring convergence and how it can benefit rural communities for whom broadcasting services are more accessible than any other types of ICT. CCK partners with Regional bodies like East African Submarine System (EASSY) project, East Africa Digital Transmission System (EADTS), RASCOM and Interconnection of the East African (Kenya, Uganda and Tanzania) Internet Exchange Points (IXPs) that have enabled Kenya to interconnect regionally and internationally.
The other strategy CCK has applied is human capacity development. Availability of human expertise in any economy is a competitive advantage for any development strategy. Growth in ICT sector can therefore be greatly accelerated through human capacity development, knowledge creation and sharing. Colleges and universities have ICT applications and infrastructure with several ICT training programmes being offered by all public universities. Computer vendors and private computer training institutions have played a big role in imparting ICT skills by offering short courses in office automation and certified courses. KIE curriculum has also been updated to include computers at primary and secondary school level. Thomas (1967), “...intellectual capital is the investment an organization makes in knowledge.. composed of human capital (knowledge inside heads of employees), customer capital (knowledge inside the heads of customers that decide to buy from the organization), and structural capital (the knowledge that resides in the company itself”).

Connectivity and access - Telecommunication connectivity is understood from the concept of teledensity, which measures the number of fixed telephone lines per 100 inhabitants. The concept has been extended, to include public pay phones, cellular mobile and cellular fixed lines. VSAT and wireless applications have been largely deployed to facilitate access to more areas of the country including many rural areas. Lastly, provision of local content, both software and hardware and information supply. Kenya has endeavoured to enhance human capacity development initiatives and open channels for investment opportunities through financial assistance and entrepreneurial guides for content developers.

Since liberalization of telecommunications sector several changes have been noted. Competition has led to better service delivery and more areas of the country have been included in information dissemination. By and by rural connectivity is becoming a reality and information can spread to the entire country within a shorter period on SMS and other means. More operators have entered the market: One fixed line operator, four mobile operators, more internet backbone and gateway operators, commercial VSAT operators and almost 20 public data network operators.
Others are several local loop operators, over 75 ISPs and several cyber cafés. Safari-com and Celtel surpassed their rollout obligations and have continued to launch innovations like MPESA, mobile TV and instant SMS updates in almost all sectors of the economy (M-exam results, M-banking, M-election results). There are more TV and radio broadcasters. The broadcasting sub-sector has tremendously grown. Radio broadcasting has achieved the fastest coverage in the country. Kenya has over 50 radio stations and over 20 TV stations. The national broadcaster has a wide coverage of 80 percent for radio and 65 percent for TV. Other TV channels have rolled out their services to various major towns with no deliberate efforts to serve rural and remote areas but in the process some rural areas have benefitted. Increase in use of internet and e-mail services by the general public has been noted through mushrooming of cyber-cafes in most urban centers. Also broadband connectivity offered by mobile operators and other phone providers has facilitated access to internet from the home. Notably the government has set up of digital villages and also rolled out a national fibre optic cable enable access to digital services in rural areas.

There have been several challenges in achievement of a vibrant telecommunications sector. The fixed-line network has largely stagnated, with a decline in subscribers since the advent of mobile telephony including stagnation in rural connections which remain on average a small percentage of total connections. This means access is mainly wireless and mobile. International fibre optic cables have just landed and the countrywide network is incomplete. Establishment of the link between ICTs and profitability and labour productivity hasn’t been effective across Kenya. Adoption of ICTs to a point where they can be used for greater economic benefit is still lacking due to lack of capacity to convert available resources and information into tangible ICT applications. Most government operations are still manual though computer systems are in place. Information is duplicated and fragmented across various ministries and organizations. Implementation of the E-government strategy of 2004 has been limited and slow. High cost of ICTs in Africa (Kenya included) has resulted from policy choices that limit competition and absence of regulatory capacity to regulate abuse of market dominance in wholesale and retail pricing, Gillwald (2005) and (Gillwald & Esselaar, 2004).
Regulatory capacity has been missing from nearly all countries. Tariffs in the various services have remained relatively high and non-regulated. This signals the fact that the introduction of competition may not be an adequate mechanism to bring down costs. Other regulatory environment challenges are scarce resources for investment, high interconnection charges and lack of mechanisms to protect the consumer. The other major challenge is lack of quality and relevant local content. Much of the TV, internet and human capacity content is foreign thus Kenyans are not able to apply Telecommunications and ICT development for economic gains within their own managerial and business context. For instance though Google launched in Kiswahili not much content can be accessed through the language.

This study was to determine strategic responses formulated by CCK for its corporate, business and functional structure; CCK private/public sector partnerships; regulatory role for broadcasting, mobile and fixed telephony, postal corporation and internet provision; and regional and international participation. The study explored how these have enabled CCK in its adaptation to business environment. The Commission licenses telecommunications operators and service providers and monitors their performance on a continuous basis to ensure discharge of obligations as stipulated in the licences and in keeping with provisions of the Kenya Communications Amendment Act 2009, and Kenya Communications Regulations 2001.

The Commission's mandate in this regard involves telecommunications licensing, effective competition and consumer protection. This is the preparation of procedures and regulations on licensing of operators including network facility operators, application service providers and content service providers. It also enforces all licence conditions and regulations. CCK maintains and promotes effective competition between persons engaged in commercial activities connected with telecommunication services in Kenya to ensure efficiency and economy in the provision of such services and to promote research and development in the sub-sector. In addition, the Commission reviews the sector on a continuous basis to ensure that competition is fostered and to guard against anti-competitive behaviour by licensed operators.
In consumer protection CCK protects the interests of all users of telecommunications services in Kenya with respect to the prices charged for and the quality and variety of such services. Promotion of investment and provision of international transit services encourages private investment in the telecommunications sector and provision of international transit services by persons providing telecommunications services in Kenya. Universal Service obligations develops mechanisms to ensure the availability of telecommunications services to all citizens throughout the country and tariff regulation by developing pricing guidelines for service providers in order to ensure service affordability.

In line with Ministry of Information’s Kenya ICT4D National Policy, CCK fosters partnerships between various stakeholders so as to develop a cohesive and well functioning institutional framework. These are: Government: spearhead development, implementation and coordination of policy, regulation and licensing, dispute settlement and resolution, and provision of an enabling environment for investment in the sector; Development partners: complementary role towards development of goals and objectives of the policy through linkages formed by the government with various development partners to provide financial, material, technical assistance as well as build capacity for sustainability; Civil Society: inform the policy making process through relevant contributions in regard to ICT access, e-education, poverty reduction and e-governance; Investors and Operators: participate in provision of universal service/access, develop a sector with efficiency, credibility, commercial integrity and good corporate governance, provide quality and sustainable service with pluralism of choice to consumers and keep abreast with and participate in ICT both regionally and internationally; Consumers/users: participate in ensuring universal access and affordability of ICT services, quality of services is maintained and continued review of government policy in accordance with technological and consumer trends; ICT Professional Bodies: formation of national professional bodies registered under laws of Kenya to foster professional ethics, standards and human resource development.
1.1 Statement of the Problem

Telecommunications services in Kenya have remained poor especially in fixed telephony, postal mail and broadcast signal coverage. For example, telephone service quality has been problematic most of the times. Official waiting lists of customers seeking telephone service increased almost fourfold to 79,000 from 1977 and 1983. In 2003, years after the division of KPTC, CCK Board Chairman Peter Kariuki noted that the total number of people remaining to be connected to telephone service in Kenya stood at 7 million. Emerging private mobile telephone companies provided service capacity, but remained too expensive for many citizens. The Postal Corporation of Kenya (PCK) at one time closed down uneconomical outlets especially in rural areas. Most broadcasting stations only covered major towns and a few rural areas. Before entry of mobile telephony and satellite services, KBC could only boast of 60% coverage on VHF TV and 80% coverage on medium wave radio for the entire country landmass and population. Telkom Kenya had an equally low coverage and most areas were cut off from telecommunications services for over 40 years of independence. When commercial broadcasting stations came up many of them concentrated only in towns citing most remote areas as uneconomical to venture in. The story was the same for internet service providers, cybercafés and broadband operators.

For meaningful sectoral development to take place in an economy the environment has to be right and ICT is no exception. Till mid 90s, there was monopoly in ownership and control of telecommunication industry in Kenya. This hindered development in the ICT sector, which was then characterized by inefficiencies leading to high overhead costs, delays in installations and unreliable services. Duties on computers and related equipment were exorbitant, thus further hampering growth. The country hence liberalized the ICT sector and reduced government's monopoly. This move initially led to a rapid growth in the number of licensed Internet Service Providers (ISPs) and subsequently other telecoms providers. There is already in place a regulatory approach aimed at addressing convergence and eventually unified licensing. This licensing breaks down telecommunications into three categories: Infrastructure, applications and content providers. The new framework is technology neutral and allows providers to deliver multimedia services including Voice over IP.
The CCK mandate was to close these gaps by implementing a regulatory framework that would ensure effective service provision. The development of a large-scale telecommunications infrastructure, capable of delivering efficient and affordable information communications services, was recognized as a critical prerequisite for the country's economic growth. The Communications Commission would therefore be responsible for developing and coordinating the policies and strategies with respect to development and operation of telecommunications services in Kenya. To do this the organization had to deal with various challenges including policies, politics, competition among players, regulation, new technologies, changing global trends and non-uniform distribution of resources within the country among others. The policies that CCK formulated and implemented would lead to growth in Telecommunications industry and influence economic development. This paper sought to find out if CCK had done this effectively.

Various scholars have contributed different views on analysis of the Telecommunications industry in Africa and other parts of the world with an emphasis on liberalization, universal access to information, roll-out of ICTs and inequalities in access to ICT services between and within different countries. For instance (Nxele and Arun, 2005) carried out a study on regulatory impact on the development of the Telecommunications sector in East Africa with a greater emphasis on Kenya. Also Waema (2007) analyzed the status of the Information and Communication Technology (ICT) sector in Kenya in 2006. Another study by Lishan (2007) looked at equitable access to ICTs in various parts of the world.

Studies that have been carried out on Strategic responses in the industry in Kenya include Migundu (2007), Mugo (2007) and Ochako (2007) who studied strategic responses in broadcasting sector, balanced scorecard application and strategic issue management practices by GSM companies respectively. Other studies were by Mutahi (2005) who considered strategic positioning and Kipkurai (2008) who studied Telkom Kenya Limited. Another study on mobile companies was done by Munyoki (2007).
All these studies either focused on single sectors of the industry like broadcasting in the case of Migunde or telephone companies in the other studies. The rest took a generic approach of the industry without much focus on the regulator itself like in the case of Nxele and Waema. There was a need to close this research gap that exists by looking at strategic responses by a regulatory body which governs operations of the entire industry as it considers competitive challenges facing the various players.

1.3 Research Objectives
The objectives of this study were:

i) To determine the strategic responses adopted by CCK in a changing telecommunications environment

ii) To determine how such responses have enabled CCK to cope with the changing trends

1.4 Importance of the study
The study will be valuable in understanding the regulatory role of CCK in management of telecommunications services in Kenya. The role is vital to economic development of the country as it facilitates operation of players on a level playing ground, fair competition and availability of products and services that are of benefit to the citizenry. The beneficiaries will be CCK, government and other stakeholders as well as scholars of Business management. It will greatly benefit CCK Management in evaluating strategic responses that have been adopted and how they have impacted growth of the industry as well as assessing steps to be taken in future in response to the rapid changes in the sector. As a case study it is applicable to other regulators in Africa and other parts of the world.

The Government and telecommunications policy makers will benefit in evaluating the policies to put in place for regulations of the telecommunication industry; other stakeholders in the telecommunications sector will appreciate the impact of their efforts in a changing business environment. The study will also be useful to strategic management scholars and students in analyzing the process of strategic planning and implementation and changes that can be included in strategic plans from time to time.
CHAPTER TWO – LITERATURE REVIEW

2.1 Strategic Response
Implementing strategy is tougher and more time-consuming than crafting strategy. Unlike planning it’s an action-oriented, operations-driven, people and systems management activity involving leading, motivating, organization change, engineering business processes and creating strong fits between strategy and how an organization does things. It takes adept managerial leadership to overcome pockets of doubt and disagreement, build consensus for how to proceed, secure commitment and cooperation of concerned parties, get all implementation pieces in place and overcome resistance to change. Organizational climate is its propensity to respond in a certain way to its environment guided by its culture and power. An organization needs to realize that while formalized periodic plans are necessary (three year, five year, ten year strategic plans), the environment surrounding it is always changing. Therefore timely response to arising issues is important to avoid adverse effects or missed opportunities. This calls for application of strategic issue management. SIM is vital to identify forthcoming developments, analyze their impact on the organization’s capability and initiate timely response which enables detection of surprises, increasing response time and responding in real time. Periodic planning and issue by issue planning are then balanced. Peters & Waterman (1982), “…winning or successful companies in UK and America have found the knack of harmonising the implicit with the explicit, the unofficial with the official and the emergent with the status quo”.

Ansoff (1988), a firm’s performance potential is optimized when: aggressiveness of the firm’s strategic behaviour matches the turbulence of its environment; responsiveness of the firm’s capability matches aggressiveness of its strategy and the components of the firm’s capability are supportive of one another. Strategic intent is applied in responding to environmental challenges through an articulation of a simple criterion or characterization of what the firm must become to establish and sustain market leadership. It involves envisioning a desired leadership proposition and establishment of the criterion the organization will use to chart its progress.
Andrews (1971), Managers cope with changes through the choice of an appropriate strategy and the design of a matching structure. Organizational competence is ability to respond: organization problem solving skills and style, problem solving process, management processes (informal vs formal systems), information used in managing and organizational structure. This may involve generating alternative strategies, choosing a particular strategy to pursue, deciding strategy formulation issues on what new business to enter into, what business to abandon, how to allocate resources, whether to expand operations or diversity, whether to enter international markets or whether to merge or form a joint venture. Strategy formulation decisions commit an organization to specific products, markets, resources and technologies over an extended period of time. Strategies determine long-term competitive advantages and have major multifunctional consequences and enduring effects on an organization.

All strategies are subject to future modification because external and internal factors are constantly changing. The Strategy management process is based on the belief that organizations should continually monitor internal and external events and trends so that timely changes can be made as needed. The rate and magnitude of changes that affect organizations are increasing dramatically. Optimum strategy - structure match yields a superior performance, Chakravarthy (1982). Successful organizations effectively manage change, continuously adapting their bureaucracies, strategies, systems, products, and cultures to survive the shocks and prosper from the forces that decimate the competition. Information Technology and globalization are external changes that are transforming businesses today. The need to adopt to changes leads organizations to key strategic management questions: What kind of business should we become? Are we in the right fields? Should we re-shape our business? What new competitors are entering our industry? What strategies should we pursue? How are our customers changing? Are new technologies being developed that could put us out of business? Booker & Goodstein (1991), several studies have reported that performance is an integral moderator to environmental change. Also Chandler (1962), “structure follows strategy”. This was tested and confirmed in France by Pooley-Dias (1972), Germany by Thanherser (1972) and in Britain by Channon (1973).
2.1.1 Organizational Adaptation

Organizational adaptation involves balancing gaps between traditional approaches to strategic management, chaos theory, real time strategic response and strategic issue management. (Levinthal & Posen, 2009),”organizational-level adaptation often results in fluctuations in current performance across time. These fluctuations may attenuate the degree to which current performance differences among organizations are indicative of future performance”. Organizational capability comprises functional and general management capability. Functional capability involves putting in place functional skills, know-how, technology, facilities and power structure within and among functions. General Manager’s function involves: creating functional units such that organizations are differentiated; integrating and coordinating the differentiated units and coordinating, integrating and directing functional efforts towards organizational objectives - guide the organization to adapt to discontinuous challenges.

Enhancing timeliness of responses is achieved through strategic fit or strategic stretch. Strategic fit involves developing strategies by identifying opportunities in the business environment and adapting resources and competences so as to take advantage of these opportunities. This is expounded by two models: Competitive forces model and Strategic conflicts model. Competitive forces model involves aligning (fitting) the organization to its environment a key aspect of which is the industry in which it operates. Industry structure strongly influences the competitive rules of the game as well as the range of strategies open to an organization. It stems from the positioning school of thought of early 1980s - SCP (Structure-Character-Performance) model. Michael Porter’s five forces framework argues about five forces that determine the attractiveness (profit potential) of an industry, Porter (1980): entry barriers, threat of substitutes, bargaining power of buyers, bargaining power of suppliers and rivalry amongst the firms. According to Porter a firm’s ability to profit depends on its ability to influence competitive forces in the industry (based on the five forces). Strategic conflicts model, Shapiro (1989), on theory of business strategy states that a firm can achieve increased profits by influencing actions and behaviour of its rivals and thus in effect manipulating the market environment. Superiority of a firm depends largely on its ability to out-wit and out-maneuver rivals.
Strategic stretch on the other hand involves leveraging resources and competences of an organization to provide competitive advantage and yield new opportunities. According to Resource Based View, Wernefelt (1984), strategy of a firm is a function of the complement of the resources it holds. Competitive advantage is created when resources owned exclusively by a firm are applied to develop unique competencies. The resulting advantage can then be sustained due to lack of substitution and imitation by the firm’s competitors. Another concept has been advanced by strategy lenses model, “strategy is a design, perspective or ideas”, (Johnson & Scholes, 2002). Strategy develops by positioning and repositioning a company over time, through organizational experience and corporate culture influence and emergence of order and innovation from the variety of ideas that exist in and around companies.

There is need for continuous strategic diagnosis. Strategic issues analysis should be part of the strategic management process and not only during planning. A strategic issue is a forthcoming development in the environment that is likely to impact on organization ability to achieve its objectives while strategic issues management is the analysis of the impact and response of the organization to significant developments in the environment. Real time strategic issue response enables an organization to determine which strategic issues are urgent to deal with and their impact on the organization. It also helps in formulating what kind of action to take whether immediate response, delayed response or postponement to a future period if the impact and urgency are unknown at the moment of diagnosis.

2.2 Organization Environment

Environmental changes shape opportunities and challenges facing organizations. The nature of environmental changes is global, regional and national (local). Two sets of factors shape an organisation’s strategy - external factors (macro environment, industry, competition, customers, technology and economics) and internal factors (resources, competence, culture, growth in size, complexity in products or markets and performance). There is need to adjust to these changes to remain successful in future. Martin (2010), “the environment of an organization has an enormous impact on organizational performance”.

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Each level of environmental turbulence has different characteristics, requires different strategies and different firm capabilities. The components of a firm’s capability must be supportive of one another. Moss (1984), in her study of American companies found that companies with an “integrative” approach to change were better able to handle innovation than firms with a “segmentalist” approach. Environmental turbulence is a combined measure of changeability and predictability of a firm’s environment. Changeability is measured by degree of complexity and novelty of challenges. Predictability is measured by rapidity of change and visibility of the future. Of paramount concern to all organizational managers is the attainment of necessary resources and customers in a timely and efficient manner. Managers have opportunities to respond to environmental factors in a variety of ways. Managers may also choose to control factors by setting up favorable linkages with them or by influencing their activities. Efforts related to changing organizational activities are referred to as adaptation.

Organizations need to analyze their environment in order to succeed in business. Industries differ in character and structure. There is need to understand an industry’s dominant features. Such features include market size and growth rate and the scope of competitive rivalry (local, regional, national, international and global). Drivers of change in an industry include: changes in long term industry growth rate, changes in who buys the product and how they use it, product innovation, technological change, marketing innovation, increasing globalization of industries and government policy changes. On this understanding the firm will be able to formulate its objectives - long term, short term, financial and non-financial. Two frameworks are used to analyze the environment; PESTEL and SWOT analysis. These help a firm to analyze its industry, its competitors or strategic position.

2.2.1 PESTEL Analysis
PESTEL means Political-Legal, Economic, Social, Technological and Ecological. It involves examining possible interactions and/or interrelationships among PEST elements that is totality of the macro-environment. Focus is on the few key factors in the macro environment - understanding trends (past, present and predict the future).
This shows how the macro environment is changing. PESTEL is used to analyze the structural drivers of change - forces that are likely to affect the structure of an industry, sector or market. In a nutshell it focuses on examination of the remote environment, and understanding the nature of the environment – how high or low is the environmental dynamism and complexity. A greater part of PESTEL involves scanning of the organisation’s external environment.

### 2.2.2 SWOT Analysis

SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats. It provides a summary of internal and expected external conditions facing the organization. Strengths and weaknesses are internal to a company while opportunities and threats are external. SWOT analysis helps to decide about how to best deploy a company’s resources given the external and internal situation and how to build the company’s future resources base. Internal factors to an organisation include its competitive assets (core and distinctive competences) and competitive liabilities (disadvantages). External factors include its ability for growth, profitability, competitive advantage thus achieving its objectives and excelling or the lack to achieve the objectives through inhibiting growth, low profitability, eroding competitive advantage and weakening market standing.

### 2.3 Challenges in Strategic Response

Strategy is about the long term direction of an organization. A formal strategy promotes unity of purpose, direction and commitment, forces managers to deliberately think about strategy, requires analysis in addition to intuition and results in a documented strategy. Once an organization has adopted a particular strategy, it tends to develop from and within it rather than fundamentally changing direction. Transformational changes resulting in fundamental change in strategic direction are normally infrequent. Also historical studies of organizations have shown that there are usually long periods of relative continuity. Gradual change in strategy makes a lot of sense as no organization could function effectively if it were to undergo major revisions of strategy frequently. The environment may not change so rapidly thus incremental change is an adaptive process to a continually changing environment.
Similarly environmental change may not always be gradual enough for incremental change to keep pace. If such incremental strategic change lags behind environmental change, the organization may get out of line with its environment and in time need more fundamental or transformational change. Strategists should be more responsive to the environment than reactive. They should be innovative, see the best opportunities, manage threats, monitor rapid changes and align their organizations to take advantage of available opportunities. They should be proactive to create new markets and transform the strategic direction because many times the intended strategy is not realized. Sometimes the strategy of an organization is influenced by its culture and politics creating an established way of doing things, or routines. Other times it is imposed upon the organization by external factors.
CHAPTER THREE – RESEARCH METHODOLOGY

3.1. Introduction
This chapter explains the research design and methodology used for data collection, analysis and presentation. This is an exploratory study (applied research) of strategic responses in the telecommunications sector in Kenya.

3.2. Research Design
The research design used was a case study of CCK. Case studies are appropriate for a unique or interesting story. CCK being the only telecommunications regulator in Kenya is a unique case for analysis of strategic responses in that industry. Since CCK’s activities cut across all sectors its study is more representative than exploring GSMs, ISPs, Broadcast or other operators independently. A case study is an in depth study of a particular situation rather than a sweeping statistical survey, a method used to narrow down a very broad field of research into one easily researchable topic. A case study provides much more detailed information than what is available through other methods, such as surveys. Case studies also allow one to present data collected from multiple methods (i.e. surveys, interviews etc).

3.3. Data Collection
Data collected was primary data. This was obtained through interviews of the CEO, top managers and Heads of departments at the Communications Commission of Kenya. An interview guide was used to administer straight forward questions aimed at achieving precise answers to the research questions. There were a total of thirteen respondents as below out of whom 8 were interviewed:

1) Board Chairman
2) Director General
3) Assistant Director General, Communications & Public Relations
4) Assistant Director General, Information Technology
5) Assistant Director General, Internal Audit Services
6) Manager Procurement
7) Commission Secretary
8) Director – Competition, Tariffs & Market Analysis
9) Director – Frequency Spectrum Management
10) Director – Human Resources & Administration
11) Director – Consumer Affairs
12) Director – Finance & Accounts
13) Director – Licensing, Compliance & Standards

In order to identify key strategic responses and maximize on the views aimed at establishing the responses the answers were obtained both orally and through short written notes. Interview guide was the main data collection instrument.

3.4. Data Analysis

Data analysis was through counterchecking the interview results for errors and completeness then editing and coding. Before processing the responses, the completed responses were edited for completeness and consistency. Content analysis and descriptive statistics were then used to analyze the data further. Content analysis helped to analyze the respondents’ views while descriptive statistics was used to summarize the data.
CHAPTER FOUR – DATA ANALYSIS AND FINDINGS

4.1. Introduction
This study was carried out on strategic responses in telecommunications sector in Kenya, a case study of CCK - the sole communications regulator in the country. The researcher acquired information from senior managers through an interview guide. The report was done in four parts: general information of the organization management structure and departments; strategic responses undertaken to enable CCK adjust to its business environment; effectiveness of the strategic responses and lastly challenges faced in these responses. The researcher hoped to interview 13 respondents among them Director General, Board Chairman, Assistant directors, Commission Secretary and other managers. Only 8 respondents gave information.

4.2. Communications Commission of Kenya Profile
CCK was formed in 1999 by an Act of Parliament, Kenya Communications Act (1998). The mandate was to regulate telecommunications and postal/courier, and manage the country’s radiofrequency spectrum. With time changing technology blurred the traditional distinctions between telecommunications, IT and broadcasting. The Government in January 2009 enacted the Kenya Communications (Amendment) Act 2009 to enhance regulatory scope and jurisdiction of CCK, and effectively transformed it to a converged regulator.

The communications sector in Kenya has changed drastically from the government owned monopoly of late 80s and early 90s to a vibrant telecommunications economy with growth in broadcasting, multimedia, telecommunications, postal services and electronic commerce. The Transport and Communications sector contributed to a rise in GDP from 9.9% in 2004 to 10.9% in 2005-2006 financial year. Postal and telecommunications particularly accounted for 2.5%. The mobile sector posted a 46% growth with mobile subscription rising from 4.6 Million in 2004 to about 20 Million in 2009. Safaricom has been one of the most profitable companies in East Africa. With all these developments there has been a high level of competition especially among the mobile operators, more and more players entering the market in all sectors and presenting greater complexity in regulatory role for CCK.
Price wars have led to a fall in call tariffs from about Ksh 50 in early 2000s to less than Ksh 5 in 2010. Unprecedented growth in broadcasting, internet and multimedia applications has presented new requirements for regulation. Kenya being a high velocity business environment, many innovations and new products have come up in the telecommunications sector. This has made it more and more difficult for the Commission to perform its regulatory role.

4.2.1. Departments

In this section the researcher established the departments of the respondents. Since only one respondent was interviewed per department the organization chart was used to show details of the departments. The eight respondents who returned completed interview guides were the Assistant Director - Information Technology, Assistant Director – Communication & Public Relations, Manager Procurement, Commission Secretary, Director – Competition, Tariffs & Market Analysis, Director – Frequency Spectrum Management, Director – Human Resources & Administration and Director – Licensing, Compliance & Standards. Below is the organization structure:

Fig 4.2.1. CCK Organization Structure
4.2.2. Respondents years of working at CCK

This section of study aimed at indentifying the length of time that the respondents had worked at the Commission. The results are shown in the figure below.

![Bar chart showing years of working at CCK]

**Figure 4.2.2. Length of time in CCK**

4.2.3. Number of Employees

The following figure shows the typical number of employees under the Departmental heads.

![Bar chart showing number of employees in departments]

**Figure 4.2.3. Number of employees in departments**
4.3. Strategic Responses

This section was aimed at obtaining views from the respondents about strategic responses. The results are summarized in the following table.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does your department participate in crafting organization strategic responses in line with changes in the business environment?</td>
<td>88</td>
<td>12</td>
</tr>
<tr>
<td>Do you identify strategic issues?</td>
<td>67</td>
<td>33</td>
</tr>
<tr>
<td>Does your department have a strategic response list?</td>
<td>59</td>
<td>41</td>
</tr>
<tr>
<td>Do you try to fit the Organization to the plans or stretch its resources and/or structures to suit the plans?</td>
<td>78</td>
<td>22</td>
</tr>
<tr>
<td>Have you undertaken any significant responses in the last six months to one year? Have these responses been articulate with your business environment?</td>
<td>89</td>
<td>11</td>
</tr>
<tr>
<td>Do you think strategic issue analysis and strategic response process takes appropriate time duration?</td>
<td>48</td>
<td>52</td>
</tr>
</tbody>
</table>

*Table 4.3. Strategic Responses*

4.4. Effectiveness of Strategic Responses

From the data obtained the researcher was able to gather the effectiveness of the strategic responses applied by the Commission. Here are the results:

<table>
<thead>
<tr>
<th>Effectiveness</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Do the prepared strategic response plans serve their purpose?</td>
<td>5/8</td>
<td>3/8</td>
</tr>
<tr>
<td>2. Are modifications allowed after the plans have been drawn?</td>
<td>5/8</td>
<td>3/8</td>
</tr>
</tbody>
</table>

*Table 4.4. Effectiveness of Strategic Responses*
Effectiveness

100
75
50
25
0

2 4 6 8 10

Respondents

Figure 4.4. Effectiveness of Strategic Responses

4.5. Challenges in Strategic Responses

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Are there any challenges facing adoption of strategic responses in your company?</td>
<td>86</td>
</tr>
<tr>
<td>2</td>
<td>Can the management overcome the strategic response challenges in your company?</td>
<td>78</td>
</tr>
<tr>
<td>2</td>
<td>Are modifications allowed after the plans have been drawn?</td>
<td>50</td>
</tr>
</tbody>
</table>

Table 4.5. Challenges in Strategic Responses
CHAPTER 5 – CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction
This chapter presents the summary of the findings from chapter four, conclusions and recommendations of the study based on the objectives of the study.

5.2. Summary, Discussion and Conclusions
From the study it was established that CCK has adopted various strategic responses to cope with the changing environment. The interviewed managers confirmed that strategic responses are taken into account in the course of business and most of them do actually consider making relevant changes to adjust to the business environment on a regular basis. Eight managers were interviewed and they gave their views on the applied responses, the effectiveness as well as the challenges that are faced in the process. The CCK’s Mission is to ‘To facilitate access to communications services through enabling regulation and catalyzing the country’s socio-economic development’ and Vision is ‘Access to communications services by all in Kenya by 2030’. This is an update from those that elapsed with the three year strategic plan 2005–2008. The commission has designed a new 5 year strategic plan for 2008–2013.

Outlined in the new strategic plan are various strategies to cope with the changing telecommunications landscape. The plan has taken into account developments in National priorities entailed in various policy papers. The 2005-2008 strategic plan was based on Economic Recovery Strategy for Wealth and Employment Creation (ERS 2003 – 2007) policy document. The current strategic plan is informed by national goals entailed in Vision 2030 document. This clearly shows CCK’s strategic response in re-aligning its goals National development and public service charter which entails Resource Based Management and performance contracting. The plan was driven by the CEO supported by Board members. CCK consulted all stakeholders and employees at all levels. A questionnaire, interviews and workshops were the methodology used. This enabled validation of the mission and vision statements, key result areas (KRAs), core values, mandate of the Commission and in carrying out a SWOT analysis among other things involved in drafting a strategic plan.
5.2.1. Changing Organization Structure
The commission modifies its organization structure regularly to take account of changes in the environment. The Commission’s organization structure is arranged according to core outputs with support departments and units providing ancillary services to the core divisions. The operations of the Commission are supported by various technical committees that are responsible for deliberating on technical issues and provide recommendations for approval by the Board. There are about 16 technical committees dealing with issues such as procurement, staff matters, gender issues, licensing and tendering within the Organization.

The Board of Directors provides guidance and policy oversight to Management in the running of the Commission’s Affairs. The Board is supported by four committees: Technical committee for Technical matters, Staff Affairs committee for Human resources, Finance Committee for Finance and Audit Committee for Audit services.

5.2.2. Strategic Issue Management
The Commission has adopted a market structure with three main segmentations: Network Facilities Provider (NFP), Applications Service Provider (ASP) and Content Services Provider (CSP). The Commission ensures efficient utilization of the spectrum resource through frequency allocation, planning, monitoring and inspections. It allocates frequencies to licensed communications operators based on services to be offered and the prevailing market demands. Spectrum utilization audit is also carried out from time to time to establish the allocations and the use of the resource. The Commission continuously revises the frequency allocation table and avails the schedule for public scrutiny. The Commission is currently involved in the process of migration from analogue to digital television broadcasting by 2015. The Commission continues to ensure that licensees comply with specified technical standards and safety requirements while at the same time guaranteeing network safety. It thus type-approves network/terminal equipment of operators on a ‘need be’ basis. The Commission has ensured conformity to licensing conditions by carrying out field visits and tests against some standard parameters.
The Commission also independently verifies compliance with the quality of service targets for mobile operators using a cellular mobile Quality of Service Monitoring System (QSMS). The Commission’s Legal Affairs Department participates in the process of drawing up bills. This provides an opportunity for it to ensure that the review of the legal framework is in tandem with the fast changing ICT environment.

5.3. Recommendations for further Research
The study only involved top level management. It is recommended that a similar study be carried out that will involve mid-level managers at the Commission as they are the main implementers of the organization strategies. They supervise operations by lower staff and also form the bridge between top and bottom levels on the managerial chain. They are therefore well placed to deal with strategic issues facing the organization.

5.4. Limitations of the Study
The study was a case study of Communications Commission of Kenya. CCK being the only Telecommunications regulator in the country provided the only organization that could be studied within Kenya. This was a limitation since CCK has no competitor to be compared with in terms of responding to factors such as competition, entry barriers, market segmentation and customer behaviour among others. Due to time limitation it was not possible to borrow a leaf from regulators in other countries. However it would be prudent in future to study other regulatory authorities like TCRA (Tanzania Communications Regulator Authority), FCC (Federal Communication Commission) of the USA and Uganda regulatory commission to gain a wider scope of the responses taken by such institutions. This study also only considered strategic responses in the Telecommunications sector. Strategic responses in other industries could be studied to give a more conclusive view.
REFERENCES


APPENDICES

Appendix 1 – Letter of Introduction to Respondents

28th June 2010

University of Nairobi
School of Business
P.o. Box 30197
00100 GPO
Nairobi

Dear Respondent,

Re: MBA Research Project

The bearer of this letter is an MBA student from the University of Nairobi, School of Business. In order to complete the programme she is required to compile a Research Paper in her chosen area of specialization.

The purpose of this letter is to inform you that the Research will involve field gathering of requisite data for analysis, of which you have been identified as a Respondent. The student will hence gather the data from you in form of a personal interview or questionnaire. Kindly accord her all the necessary assistance.

Thank you.

Yours faithfully,

Edith R. N. Njeru

Student

Dr. John Yabs

Project Supervisor
Appendix 2 – Interview Guide – **Strategic Responses by CCK to changing Telecommunications environment**

Kindly answer the following questions by ticking in the appropriate box or filling the spaces provided.

**Part A: General information**

1. Department: ____________________________________________________
   
   What is your designation? _________________________________________
   
   What is your length of time in the company? __________________________
   
   What is the total number of employees in your department? ____________

**Part B: Strategic Responses**

1. Does your department participate in crafting organization strategic responses in line with changes in the business environment?
2. Do you identify strategic issues?
3. Does your department have a strategic response list?
4. Do you try to fit the Organization to the plans or stretch its resources and/or structures to suit the plans?
5. Have you undertaken any significant responses in the last six months to one year? Have these responses been articulate with your business environment?
6. Does your department prepare the following responses?
   
   Strategic Issue Management (initiating timely response)? ________________
   
   Strategic Diagnosis (determining changes that have to be made)? __________
7. Do you think strategic issue analysis and strategic response process takes appropriate time duration?
Part C: Effectiveness of the Strategic Response Process

1. Do the prepared strategic response plans serve their purpose?
2. Are modifications allowed after the plans have been drawn?
3. Who makes the final decision on the responses to be adopted?

Part D: Challenges of Strategic Response

1. Are there any challenges facing adoption of strategic responses in your company?
2. Can the management overcome the strategic response challenges in your company?
3. Are there possible solutions to the major strategic response challenges facing your company?

Thank You.