APPLICATION OF TOTAL QUALITY MANAGEMENT IN STRATEGIC MANAGEMENT AT SAFARICOM LIMITED

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS UNIVERSITY OF NAIROBI

NOVEMBER, 2011

DECLARATION

This research project is my original work and has not been presented for award of any degree in any university.

Signed ... Attonst

Date 16/11/2011

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D61/60211/2010

This research project has been submitted for examination with my approval as the University Supervisor.

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ACKNOWLEDGEMENT

The researcher would like to appreciate the guidance given by the supervisor Dr. Martin Ogutu of the University of Nairobi. My classmates of the master of business administration may 2010 intake at the University of Nairobi for their constructive criticism; my lecturers at the University of Nairobi with particular reference to Dr. Yabs, Mr.George Omondi, and Safaricom limited for accepting me to conduct this research.

DEDICATION

This research project is dedicated to my family. My husband Edgar, my mum and dad Dorothy Nyakina and Dr. Peter Oriare Mbeke for being my greatest motivators and source of support throughout the research work. May the love of God and blessings be with them all the time.

ABSTRACT

This project investigates the application of Total Quality Management to a service organization using the mobile telephone sector, Safaricom Limited specifically as a model example. Communication is an important sector in Kenya. The government has introduced several laws and constitutions aimed to further develop this sector, improve its ability to compete within a global market and encourage investment in the country. However, little work has been done to measure and control quality in this sector. The work will show that the use of Total Quality Management can be of great benefit to the Kenyan sector, as it will lead to an increase in the organization, customer orientation and competitive edge. The project also investigated the relation between the application of Total Quality Management and the increase in the organization performance and efficiency. The results show that the application of Total Quality Management in the Kenyan communication sector leads to increased productivity and ability to compete in the global market.

Total Quality Management is a company-wide perspective that strives for customer satisfaction by seeking zero defects in products and services. Quality management is an important function of the strategy management department.

Despite the fact that quality management has been addressed within a firm, Total Quality Management and its underlying assumptions could be applicable to strategy management. Accordingly, there was need to look at quality management from the strategic viewpoint, and to define a framework for its implementation through strategic and corporate level of analysis. While concepts such as ethics, cooperation, and trust are related to enterprise and corporate level strategies, these concepts are closely related to the practice of quality management. Total Quality Management calls for a change in the corporate culture, where the new work climate has the following characteristics: an open, problem-solving atmosphere; Participatory design making; Trust among all employees (staff, line, workers, and managers); a sense of ownership and responsibility for goal achievement and problem solving; and, Self-motivation and self-control by all employees.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategic management is the set of managerial decision and action that determines the long-run performance of a corporation. It includes environmental scanning (both external and internal), strategy formulation (strategic or long range planning), strategy implementation, and evaluation and control. The study of strategic management therefore emphasizes the monitoring and evaluating of external opportunities and threats in light of a corporation's strengths and weaknesses. A strategy to an organization is, amongst other things, a plan of how the organization can achieve its goals and objectives (Davies, 2000; Mintzberg et al, 1996), i.e. a commitment of present resources to future expectations. The aim of strategic management is to decide on organizational goals, the means of achieving those goals, and ensuring that the organization is sustainably positioned in order to pursue these goals. Furthermore, the strategies developed provide a base for managerial decision making (Robbins et al., 2000). The concept of corporate strategy has attracted the attention of business consultants and scholars a like (Zabid and Paramjeet, 1995), with corporate strategy emerging as a subfield of management studies.

The strategic analysis process focuses on the integration of opportunities with distinctive competences. The internal analysis is used to identify assets (resources) and competences (capabilities) currently possessed by the organization, which influence the strategic options developed in the next stage of the strategic planning process, as will the external market environment of customers and competitors. Strategies may be developed around existing assets or distinctive competences through matching them with environmental opportunities (Pearce II & Robinson, 1994). Thus, Strategic management can be described as the identification of the purpose of the organization and the plans and actions to achieve that purpose. It is an ongoing process of ensuring a competitive superior fit between the organization and its environment and includes understanding the

strategic position of an organization, strategic choices for the future and organizing strategy into action (Johnson and Scholes, 2002).

1.1.2 Total Quality Management

It must be noted that quality systems have been in existence for many more years than realized. It was during 1945- 1951 that Dr. Juran and Dr. Edward Deming traveled to Japan to give lectures on quality control systems (Juran, 1995). While Ishikawa (1985) referred to Total Quality Management as a "thought revolution" in management, Oakland (1989) has described it as a "new way of managing" and has claimed that after the industrial revolution and computing revolution of yesteryear "we are now without doubt in the midst of a quality revolution". However, whilst Total Quality Management has been much talked up by gurus/consultants and indeed practitioners promoting their companies, there is growing evidence of its spreading influence if not of its effectiveness. Total Quality Management cannot be viewed as an end in itself. Implementing Total Quality Management principles should be viewed as a means to the ultimate goal of delivering products and services that add value to the organization.

In 1969 the first international conference on quality control, sponsored by Japan, America and Europe, was held in Tokyo. In the 1980s to the 1990s, a new phase of quality control and management began. This became known as Total Quality Management, developed as a catchall phrase for the broad spectrum of quality-focused strategies, programmes and techniques during this period. As Total Quality Management reshapes business practices, it tends to nudge every firm toward a few common strategic planning objectives, namely: continuous improvement in quality of goods and services, responsiveness and flexibility of internal and external processes, and waste and cost elimination.

As Total Quality Management basics become more influential, business executives may be drawn away from formulating unique strategies, setting high-level metric goals, and monitoring performance against the goals; towards facilitating strategic changes necessary to make Total Quality Management everybody's business.

1.1.3 Total Quality Management and Strategic Management

The field of strategic management deals with the major intended and emergent initiatives taken by business executives on behalf of the owners, involving utilization of resources directed at enhancing firm performance (Lynch, 2009). It is noted that, contemporary strategic management practices and globalization is driving companies toward a new view of quality as a necessary tool to compete successfully at the marketplace. A direct outcome of this new emphasis is the philosophy of total quality management . Despite the fact that quality management has been addressed within a firm, Total Quality Management and its underlying assumptions could be applicable to strategy management. Accordingly, there is a need to look at quality management from the strategic viewpoint, and to define a framework for its implementation through strategic and corporate level of analysis. Further, the Total Quality Management approach has strategic planning tools available for the organization to use when developing a quality plan. For example, a priorities matrix provides a method to prioritize and evaluate quality options for meeting customer demands. In addition, the organization may use tools such as a tree diagram, matrix diagram and a process decision tool to determine the best strategy for satisfying customers.

A strategic focus entails managerial choices among alternatives and signals organization commitment to specific markets, competitive approaches and ways of operating (Thomson, 2003). In cultivating the Total Quality Management philosophy, strategy implementation must involve a focused effort on the part of every employee within the organization; it cannot be applied successfully on a piecemeal basis. Business plans, strategies, and management actions require continual rethinking in order to develop a culture that reinforces the Total Quality Management perspective. Instead of using traditional bureaucratic rule enforcement, Total Quality Management calls for a change in the corporate culture, where the new work climate has the characteristics: an open, problem-solving atmosphere; Participatory design making; Trust among all employees (staff, line, workers, and managers); a sense of ownership and responsibility for goal achievement and problem solving; and, Self-motivation and self-control by all employees. The end result of Total Quality Management is the efficient and effective use of all organizational processes in strategically and competitively positioning an organization.

1.1.4 Overview of Telecommunications Industry in Kenya

Trade liberalization in the Kenyan Telecommunications sector began in earnest in 1997 when the government embarked on progressive liberalization and privatization within the telecom sector. Before this, telecom services were delivered within a monopolistic public sector structure (the Kenya Posts and Telecommunications Corporation [KP&TC]); which combined regulatory and operational responsibilities (UNCATD, 2005). The liberalization of the industry through the 1997 Communications Act led to splitting of the KP&TC into Postal Corporation of Kenya, Telkom Kenya and the Communications Commission of Kenya, which is the regulating authority. At present, the mobile telecommunications Industry in Kenya involves Safaricom the lead player, Airtel, Orange and Yu. Innovations and introduction of services that are consumer centric have come up, imitation of services to keep up with other competition in the industry, lowering of tariffs and even the introduction of mobile number portability (Mark Earls, 2010). A summary of market share for each of the mobile operators by end of the first quarter of 2011 is as shown in fig. 1.1.

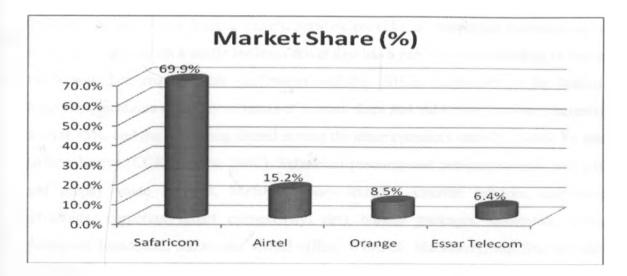


Figure 1.1: Mobile market share by operator, Source: (CCK, 2011)

1.1.5 Overview of Safaricom Limited

Individual organizations formulate their own strategies on solving problems that are unique to them. Safaricom Limited (herein referred to as "*the company*") is a dynamic telecom operator which started as a department of Kenya Posts & Telecommunications Corporation, launching its operations in 1993 based on an analogue ETACS network and was upgraded to GSM in 1996 (license awarded in 1999). Safaricom Limited was incorporated on 3 April 1997 under the Companies Act as a private limited liability company. It was converted into a public company with limited liability on 16 May 2002 (Safaricom website, 2011). By virtue of the 60% shareholding held by the Government of Kenya, Safaricom was a state corporation within the meaning of the State Corporations Act (Chapter 446) of the Laws of Kenya. Until 20 December 2007, the Government of Kenya shares were held by Telkom Kenya Limited ("TKL"), which was a state corporation under the Act. Following the Offer and sale of 25% of the issued shares in Safaricom held by the Government of Kenya to the public in March 2008, the Government of Kenya ceased to have a controlling interest in Safaricom under the State Corporations Act.

Thus, the company is a leading mobile network provider of converged communication solutions, operating on a single business driver that has a peerless understanding of voice, video and data requirements (Safaricom website, 2011). Safaricom is the leading telecommunications company in terms of market share and subscriber number, currently at over 75%, and the remaining shared among the other operators namely: Airtel, Yu and Orange Kenya (CCK website, 2011). Safaricom products and services include post pay and prepay voice services, MPESA money transfer, internet services, corporate, advantage, corporate direct connectivity, data bundle packages, dedicated APNs, Safaricom broadband, Safaricom virtual office, WiMAX, blackberry, toll free services and fibre.

1.2 Research Problem

The core of Total Quality Management ensures that an organization gains competitive advantage in the market. This is by focusing on customer needs, continuously improving product and service quality, measuring improvements, and developing employees to their fullest potential. The introduction of Total Quality Management routines within the organization has been identified as being part of a broader process to enact and add legitimacy to management control systems changes within organizations (Chenhall, 2003). Mehra, Hoffman, and Sirias (2001) posit that the 1980's shows companies taking a serious look at the quality revolution and how to use it to attempt to bring about profitability, market share, and improvement. Total Quality Management constitutes what are termed 'hard' and 'soft' elements. Wilkinson et al. (2001) claim that the 'hard' and 'soft' aspects in Total Quality Management programs are interdependent elements. The hard aspect is referred to as generally quantifiable quality tools and techniques, such as total quality control, just-in-time production, six-sigma and zero defect performance measurement, and task-based team working. Meanwhile, the soft or qualitative aspect of a Total Quality Management program consists of the use of Human Resource Management policies and activities to generate employee commitment to quality, and the dissemination of management vision and ideology that may reinforce the maxims of quality working culture, attitudinal change, continuous improvement, and customer orientation.

Strategic Management in the company is a function of the Strategy & New Business Development division, whose primary role is: to ensure Safaricom remains focused in the long term, for long term profitability, to aid Safaricom consistently deliver results in a constantly changing business environment and to optimise the resources available to obtain the highest value in the long term. This has mainly been under the human resource, customer management, commercial and finance divisions. The company uses the Total Quality Management tenets to develop strategy, measure performance against its strategy and measure its effectiveness on the growth indicators to create a resource base required to meet the long term objectives.

Studies carried out by Cua et al. (2001) and Kaynak (2003), found that there is an underlined importance and causal relations between quality management practices and strategic advantage. Research conducted by Murray (2007) of Small and Medium sized Enterprises (SME's), it was found that no two organizations can have the same Total Quality Management implementation, but there are a number of great Total Quality Management models that organizations can use. As the origin of quality management lies within the operation and production fields, manufacturing firms may tend to place emphasis on the hard and quantifiable measurement aspects. In contrast, service-oriented organizations like Safaricom Limited, which have a greater degree of employee-customer interaction, concentrate on the more qualitative and softer aspects of working culture, customer care and personal interactions. Although a number of studies have been done on the concept and context of quality management and business performance respectively, virtually none has been done within the context of local telecom operators and strategy management. There was, thus, a need for a study on the application of Total Quality Management in strategy management. The study sought to answer the questions: (a) How does Safaricom Limited apply Total Quality Management in Strategic Management? (b)

What are the challenges Safaricom Limited faces in applying Total Quality Management in Strategic Management?

1.3 Research Objectives

The overall goal of the study was to evaluate the application of Total Quality Management in Strategy Management at Safaricom Limited. The study describes the basic principles of Total Quality Management and examine its implications for Strategy Management as well as illustrate the diversity of Total Quality Management initiatives and their relationship with Strategy at Safaricom Limited. To achieve this goal, the study was guided by the following specific objectives:

- i. To determine how Safaricom Limited applies Total Quality Management in Strategic Management
- ii. To establish the challenges Safaricom Limited faces in applying Total Quality Management in Strategic Management

1.4 Value of the Study

The study fulfils a desire by a telecom operator in Kenya, which is keen to retain its dominant market share, to have its employees make positive recommendations to the management for innovation purposes. The author of this study works for this telecom firm, head-quartered in Nairobi-Kenya, and thus fulfills the request to investigate the company's strategy system and propose improvements to help make it more competitive. Although academic discourse proliferates with literature on strategy management, there is a limited research on the subject of strategic Total Quality Management in the telecom sector and almost none locally. Thus, this study will add to the body of knowledge on strategic Total Quality Management. This document will act as reference material for other scholars investigating the associations between Total Quality Management and strategic management, in future. Similar studies may also be replicated in other sectors or at some other point in time, using confirmatory research tools.

While there has been much research on activities that can provide competitive advantage, there is little knowledge on the process of selection and impact of Total Quality Management on the competitive position and business performance of a telecom operator. The practice of strategy management will benefit from this study as it will examine the validity of total quality in strategy management, which in turn affects a firm's competitive advantage. The study will assist the business executives in these firms, especially the cross-functional strategy teams, in aligning corporate strategies for total quality.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Relevant literature related to the aspect of Total Quality Management and strategic management is reviewed in this chapter. More specifically, studies carried out in the area are reviewed together with other works relevant to the subject of study. Official documents and reports on the subject will also be reviewed in this chapter. In particular, the chapter will cover review of past studies, theses, journal articles and books.

2.2 Total Quality Management

Total Quality Management cannot be viewed as an end in itself. Implementing Total Quality Management principles should be viewed as a means to the ultimate goal of delivering products and services that add value to the organization. Total Quality Management is considered a management strategy to create awareness of quality in all organizational processes and personnel (Total, 2006). Total Quality Management is also considered a culture-based approach to quality (Jabnoun and Sedrani, 2005). There is a two way direction of the effect of Total Quality Management on organizations' culture. While most would believe a quality culture needs to be in place for Total Quality Management implementations that effectively modify the culture of an organization, e.g. training, employee involvement, and empowerment..

2.2.1 Evolution of Total Quality Management

It must be noted that quality systems have been in existence for many more years than realized. It was during 1945-1951 that Dr. Juran and Dr. Edward Deming traveled to Japan to give lectures on quality control systems (Juran, 1995). While Ishikawa (1985) referred to Total Quality Management as a thought revolution in management, Oakland (1989) has described it as a new way of managing and has claimed that after the industrial revolution and computing revolution of yesteryear, we are now without doubt

in the midst of a quality revolution. However, whilst Total Quality Management has been much talked up by gurus/consultants and indeed practitioners promoting their companies, there is growing evidence of its spreading influence if not of its effectiveness.

It was in 1969, that the first international conference on quality control, sponsored by Japan, America and Europe, was held in Tokyo. In a paper given by Feigenbaum, the term "total quality" was used for the first time, and referred to wider issues such as planning, organization and management responsibility. Ishikawa gave a paper explaining how "total quality control" in Japan was different, implying "company wide quality control", and describing how all employees, from top management to the workers, must study and participate in quality control. In the 1980s to the 1990s, a new phase of quality control and management began, which came to be known as Total Quality Management (Total Quality Management). Having observed Japan's success of employing quality issues, western companies started to introduce their own quality initiatives. Total Quality Management, developed as a catchall phrase for the broad spectrum of quality-focused strategies, programmes and techniques during this period, became the centre of focus for the western quality movement.

2.2.2 Total Quality Management Principles

The core of Total Quality Management is emphasis on gaining competitive advantage in the marketplace by focusing on customer needs, continuously improving product and service quality, measuring improvements, and the development of employees to their fullest potential. Total quality management is a system; a way an organization operates and includes an array of organizational initiatives, ranging from leadership involvement in setting and broadly communicating the vision and values to the quality assurance and customer satisfaction processes put into practice. The comprehensive quality approach sets the quality concept as a base and a goal for all operational and organizational activities undertaken (Galgano, 1994), including in strategy management. Thus, quality is a multi-dimensional concept which keeps customer satisfaction as the focal point. The main quality dimensions are: operational, reliability, economical, organizational and social and environmental dimensions.

The key principles of Total Quality Management include management commitment in which top management should act as the main driver for Total Quality Management and create an environment that ensures its success, i.e. plan (drive and direct), do (deploy, support and participate), check (review) and act (recognize, communicate and revise). The second principle is employee empowerment which involves training, suggestion schemes, measurement and recognition and maintenance of excellence teams. Third is fact-based decision making, i.e. SPC (statistical process control), statistical tools and team oriented problem solving). Fourth is continuous improvement which involves systematic measurement, excellence teams, and cross-functional process management and to attain, maintain and improve standards. Finally, we have customer focus, i.e. supplier partnership, service relationship with internal customers, no compromise to quality and customer driven standards. Third is fact-based decision making, i.e. SPC (statistical process control), statistical tools and team oriented problem solving). Fourth is continuous improvement which involves systematic measurement, excellence teams, and cross-functional process management and to attain, maintain and improve standards. Finally, we have customer focus, i.e. supplier partnership, service relationship with internal customers, no compromise to quality and customer driven standards.

2.2.3 Total Quality Management & Organizational Management

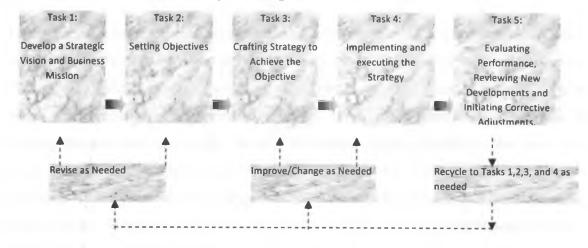
Total Quality Management (Total Quality Management) is now widely recognised as one of the major innovations in management practice over the last decade. Leadership and strategic management have far-reaching implications for the management of total quality. Deming and other quality gurus have emphasized these two elements of management time and again. Top management acts as a driver of Total Quality Management implementation. A popular sentiment in Total Quality Management is that the value of continual improvement must be ingrained in the corporate culture. This fits the definitions of corporate culture as "how we do things around here". Quality improvement may require changes in mission, structure, job design, management practices and even other facets of the organization.

Total Quality Management will bring many positives to an organization but can also bring with it negative situations that can cause great harm to an organization. Beer's (2003) study points out that the negative of Total Quality Management is not in the theory and methods but mainly with the implementation process. This negative or failure of Total Quality Management to work is mainly due to top-down management implementation and therefore it is not organization wide. Beer further suggests that topdown implementation of Total Quality Management will ensure gaps in communication between organizational leaders or top management and front line or reporting employees thereby creating an impossible situation for talking to top management about the problems with the policies and procedures being put into place. Total Quality Management is a managerial approach aiming at achieving quality in a broad sense. Total Quality Management is based on the principles: quality integration, quality first, customer satisfaction, continuous improvement, prevention rather than inspection, factual-based decision-making and workforce involvement.

2.3 Strategic Management

Strategic management can be described as the identification of the purpose of the organization and the plans and action to achieve that purpose (Lynch, 2009). It is an ongoing process of ensuring a competitive superior fit between the organization and its environment and includes understanding the strategic position of an organization, strategic choices for the future and organizing strategy into action (Johnson and Scholes, 2002). Strategic management emphasises formal techniques for setting an organisation's long-term course, developing plans in the light of internal and external circumstances, and undertaking appropriate action to reach those goals (Goldsmith, 1997).

Figure 2.1: Five tasks of strategic management



Source: Nuttapon (2003)

2.3.1 Strategy Planning

Strategic planning and management are more than a set of managerial tools. They constitute a mind-set, an approach to looking at the changes in the internal and external environment that confront the manager. Using planning and management tools strategically, then, involves essentially a way of thinking, a mental framework or approach, as well as a set of analytic tools. For strategic management to be effectively used the manager must develop a strategic mentality or outlook. A common argument also states that there is no clear line to demarcate strategic management from strategic planning (Goldsmith, 1997).

2.3.2 Strategy Formulation

Strategy formulation, the process of planning strategies, is often divided into three levels: corporate, business, and functional. One of the most important roles of corporate - level strategy is to define a company's domain of activity through selection of business areas in which the company will compete. Business - level strategy formulation pertains to domain direction and navigation, or how businesses should compete in the areas they have selected. Sometimes business-level strategies are also referred to as competitive strategies. Functional - level strategies contain the details of how functional resource areas, such as marketing, operations, and finance, should be used to implement business - level strategies and achieve competitive advantage.

2.3.3 Strategy Analysis

Strategic development may take the form of systemized, step by step procedures to develop or coordinate an organizations strategy. Strategic analysis and development may play a role in how the future organization strategy is determined. During strategic development, tools and techniques of strategic analysis and decision making are employed. During this process, the intended strategy is converted into action by the organization through communication, providing agreed objectives and coordinating resources by involving people. An environmental scanning, during analysis is important to understand the operating environment of the organization (Lynch, 2009). This includes thoroughly scanning the customers, the suppliers, the competitors and the regulations in place for the particular industry. Other than the operating environment, the firm will also need to evaluate its own strengths and weaknesses as well as the threats and opportunities that the firm has and will need to be put into consideration during strategic planning (Haines, 2004). Proper analysis and development will ensure a firm attains strategy fit.

2.3.4 Strategy Implementation

Strategy formulation results in a plan of action for the company and its various levels, whereas

Strategy implementation represents a pattern of decisions and actions that are intended to carry out the plan. Strategy implementation involves managing stakeholder relationships and organizational resources in a manner that moves the business toward the successful execution of its strategies, consistent with its strategic direction.

2.3.5 Strategy Monitoring

Strategic management is an ongoing process that evaluates and controls the business and the industries in which the company is involved; assesses its competitors and sets goals and strategies to meet all existing and potential competitors. Strategy monitoring essentially reviews the performance of the business against the set objectives, using some strategic management tools like the balanced score card.

2.4 Total Quality Management & Strategic Management

Strategic management can be looked at as a tool of management and knowledge as well as a function. Total Quality Management practices have been implemented by firms interested in promoting their survival prospects by encompassing quality and continuous improvement into their strategic priorities (Lord and Lawrence, 2001). The continuousimprovement process is an approach to problem solving that is used by qualityimprovement teams to understand the current situation, analyze its causes and results, and recommend/evaluate improvements. From this perspective of Total Quality Management, the seven basic quality tools are critical. They are basic building blocks of effective, continuous-improvement activities and include: Process flow analysis, Cause-effect diagram, Run chart, Control chart, Scatter gram, Histogram, and Pareto chart. In addition to the Total Quality Management tools are guidelines to follow when implementing Total Quality Management in organizational functions and these include: (i) Developing a mission statement as a Total Quality Management blueprint, (ii) Benchmarking against world-class organizations, (iii) Identification of internal and external customer needs, (iv) Identification of challenges and opportunities for improving customer service, (v) Reengineering of work processes, and (vi) Tracking performance against set objectives. Some of the Total Quality Management tools may be applied as follows.

2.4.1 Process Flow Analysis and Strategy Development.

Process flow analysis is a traditional industrial engineering technique. It is used to visually map a process in order to find ways of improving the current process of a particular job. It has also been defined as an instrument that visualizes and analyses the various systems and procedures (e.g. delivery of services, decision-making, funds allocation, accounting and monitoring) within an organization (Schroeder, 2008). Process flow charting has high payoffs for improvement opportunities; finding repetitive operations, identifying bottlenecks, describing directions and distances of flows (people, material and information), and waste reduction.

2.4.2 Pareto Chart and Strategy Analysis

The Pareto chart can be used to determine where time should be spent on improvement efforts in the strategy functions, especially strategy analysis. The Pareto chart shows the categories in order, with the left side highlighting the most important problem, i.e. unit of measure. It often represents the most common sources of defects, the highest occurring type of defect, or the most frequent reasons for customer complaints. An analysis of completed job requisitions could easily yield this type of information. Other than capturing organizational defects for redress, the strategy function can assess current practices and improve on them, and set goals. To achieve this, Pareto analysis can follow the following simple steps:

Step 1: Form an explicit table listing the causes and their frequency as a percentage.

Step 2: Arrange the rows in the decreasing order of importance of the causes (i.e., the most important cause first)

Step 3: Add a cumulative percentage column to the table

Step 4: Plot with causes on x- and cumulative percentage on y-axis

Step 5: Join the above points to form a curve

Step 6: Plot a bar graph with causes on x- and percent frequency on y-axis, on same graph

Step 7: Draw a line at 80% on y-axis parallel to x-axis. Then drop the line at the point of intersection with the curve on x-axis. This point on the x-axis separates the important causes (on the left) and trivial causes (on the right)

Step 8: Explicitly Review the chart to ensure that at least 80% of the causes are captured

2.4.3. The Cause-Effect Diagram and Strategy Monitoring

A Cause-and-effect diagram can be used to identify the potential (or actual) cause(s) for a strategy problem, or used in needs assessment to assist in illustrating and/or communicating the relationships among several potential (or actual) causes of an implementation problem. Equally, these graphical representations of relationships between needs (i.e., discrepancies between desired and actual results) offer a pragmatic tool for building a system of strategy improvement interventions (for instance, a combination of training, work tools, new expectations, etc) around the often complex relationships found across potential (or actual) causes. The Cause-and-effect diagram in this case can take these steps:

- i. Identify gaps between the results (i.e., performance) that are required for the successful accomplishment of results chain and current achievements to date.
- ii. Generate a clear, concise statement of the need(s).
- iii. Using a sheet of paper, draw a line horizontally along the page. This line will bethe □spine□ of the fish. Write the need along the spine, on the left hand side.
- iv. Identify the overarching categories of causes of the need. Brainstorming by the cross-functional teams can be an effective technique for identifying the categories of causes. For each category of causes, draw a "bone", i.e. a line at a 45 degree angle from the spine of the fish. Label each spine.
- v. Have the team brainstorm to identify the factors that may be affecting the cause and/or the need, i.e. answer the question "Why is this happening?" Add each "reason why" to the diagram, clustered around the major cause category it influences.
- vi. Repeat the procedure for asking "Why is this happening" for each effect, until the question yields no more meaningful answers
- vii. When the group has come to the consensus that the diagram contains an adequate amount of information, analyze the diagram. In particular, look for causes that are appearing in more than one section of the diagram.
- viii. Circle anything that seems to be a root cause for the need. Prioritize the root causes and decide to take action. This action may involve further investigating the root causes.

2.4.4 Control Chart and Strategy Implementation

Regarding strategy implementation, if analysis of the control chart indicates that the management variable being monitored e.g. Customer Delight Index (CDI) is currently under control (i.e. is stable, with variation only coming from common sources) then data from the process can be used to predict the future performance. If the chart indicates that the variable being monitored is not in control, analysis of the chart can help determine the sources of variation, which can then be eliminated to bring the process back into control.

The control chart can be seen as part of an objective and disciplined approach that enables correct strategic decisions regarding control of strategic management variables, including whether or not to terminate a given strategy being currently implemented.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presented an overview of the research methodology of the study. The chapter describes the various research tools that were used in gathering information, procedures adopted in conducting the research, the techniques which were used in analysis and the presentation of data collected. The chapter therefore presents the research design, study population, sample design and data collection and analysis that will be applied during the study.

3.2 Research Design

The Research design adopted for this study is a case study. The role of research design is to connect the research questions to the collected data. In the study of the applicability of Total Quality Management in strategy functions, a descriptive case study research design was employed in collecting and analyzing data. According to Allan (2005), descriptive research is used to describe the characteristics of a population by directly examining samples of that population. Kerlinger (1964) points out that descriptive research study are not only restricted to fact-finding but may often result in the formulation of important principles of knowledge and solutions to significant problems. Hopkins (2000) further suggests that descriptive studies is part of a quantitative research design, whose aim is to determine the relationship between one thing (an independent variable) and another (a dependent or outcome variable) in a population, establishing the associations between variables and the causality. In the present study, Strategic Management is the dependent variable and Total Quality Management is the independent variable. The unit of analysis in this study was the Total Quality Management applicability in the Safaricom Limited's strategy department, which was the focus of the study.

3.2 Data Collection

The main instrument for collection of data for the study was interview guides. The researcher conducted interviews with the heads of departments in order to collect data. The interview guides was designed based on the research objectives developed in chapter one, which sort to describe the applicability of Total Quality Management in Strategy management in the local telecommunications sector. The interview guide was divided into three major sections. The first section collected background information about the respondents. Second section collected information on applicability of Total Quality Management in Strategy Management at the company. Third section collected information of Total Quality Management in Strategic Management in the success application of Total Quality Management in Strategic Management in the company.

3.3. Data Analysis

Data from the completed interview guides were qualitative in nature and therefore content analysis. Data was checked for completeness and consistency as well as for various omissions, incomplete or otherwise unusual responses, illegibility and other obvious inconsistencies. Data analysis involved editing, cleaning, transformation and tabulation. It was coded as a way of organizing them before being thematically analyzed and interpreted to fit into the study objectives. Analysis was done using content analysis, text analytics and document analysis. Further, descriptive statistics such as mean, frequencies and percentages were used, using the computer software known as Statistical Package for Social Sciences (SPSS).

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presented the results of data analysis. Data for this study was collected, transcribed, organized, analyzed and finally presented qualitatively and the information obtained was interpreted according to the study themes discussed earlier on in chapter one. The study was conducted using interview guides and probing the interviewees from the departments of strategic planning and analysis, new business development, business intelligence and human resource management. The head of the department of strategic business partnerships was unavailable for the interview, bringing down the response rate to 80%. The objective of this study was to determine the applicability of Total Quality Management in Strategic Management in Safaricom Limited.

Initially, majority of the respondents indicated they had worked in the company for 3 to 5 years and they were all in middle-level or senior management. Firstly, the respondents were asked to mention the drivers of choice of strategies that Safaricom Limited employs. The common response with 80% repeat rate was that Safaricom Limited's choice of strategies is driven by need for sustainable market growth, the stiff competition, regulatory environment, corporate responsibility and revenue generation. Respondents indicated that Safaricom Limited revises these strategies on an ongoing basis so that the company can remain relevant in the current tumultuous business environment, on the local telecom scene. Furthermore, the company consistently uses Total Quality Management for strategy because of the perceived benefits of Total Quality Management to the organization in its entirety.

As was discussed the overall goal of this study was to evaluate the application of Total quality Management in Strategy Management at Safaricom Limited. To achieve this goal the study was guided by the following specific objectives that we want to see if have been met. Determining how Safaricom Limited has applied Total Quality Management in Strategic Management and also establishing the challenges Safaricom Limited has faced in applying Total Quality Management in Strategic Management

Respondents noted that other competitive strategies have also been deployed, other than Total Quality Management. These include implementation of the Balanced Score Card, embracing Corporate Social Responsibility, sound performance management systems, responsive stakeholder management, agile Supply Chain Management, regular market research, business intelligence and product differentiation strategies. Safaricom Limited, through its quality manuals, has to a very great extent ensured that the quality documents remain comprehensible and readily identifiable on the company intranet; and with a defined scope of quality management system, including details of and justification for any exclusion of materials. The company has also described the interaction between the processes of quality management system; reviewed and updated as necessary and re-approved documents to evaluate the need for changes to the company's Quality Management System (QMS) to ensure its continuing suitability, adequacy, and effectiveness.

Respondents explained that Safaricom Limited has been working on continuous product improvement with 90% of the respondents indicating that Safaricom Limited uses Total Quality Management mainly in pursuit of efficiency, customer loyalty and enhanced revenue generation. Safaricom Limited to a considerable extent has ensured that the Quality Management Policy is appropriate to its purpose; and it provides the framework for establishing and reviewing annual quality objectives. All the respondents (100%) demonstrated that the company has provided evidence of its commitment to the development and implementation of the a sound Quality Management System; defined its processes to ensure its products, processes and services meet the regulatory requirements; implemented measures necessary to achieve benchmarked results and continual improvement of the organizational processes; and lastly communicated the importance of meeting customer as well as statutory and regulatory requirements. Other than these, Safaricom Limited has to establish department-based quality objectives including those needed to meet requirements for product at each (relevant) function and level; documented its objectives including those requirements needed for products with measurable quality objectives; and lastly the Quality Management System is designed to meet the quality objectives and requirements. Further, a proper documentation of every process aspect of an entity is critical since it acts as a point of reference, and corrections can be easily made in case of any diversion from set targets. Interviewees stated 100% that Safaricom Limited has to a very great extent made use of a the quality manual (since 2008) which is well documented; documented all the reference materials needed to ensure the effective planning, operation and control of the company's processes. Clearly, departments have set up quality management units/sections, developed

strategies for total quality, developed a quality management units/sections, developed strategies for total quality, developed a quality management system/software, implemented employee/customer satisfaction initiatives and employee involvement programs in quality management, business processes improvement programs, and established measures of quality management.

4.2 Application of Total Quality Management in Strategic Management

Respondents were then presented with a series of questions regarding their general opinions of Total Quality Management on Strategic Management in Safaricom Limited. It is noted that Strategy is a useful concept, even in all its many variations, especially helping in managing the organization, more so if the strategy and strategic plans can be successfully deployed throughout the organization. Asked of their impression about Total Quality Management and strategy management in Safaricom Limited, the respondents indicated that Total Quality Management is a management philosophy and practice to ensure effective and efficient use of all available resources and make customer satisfaction as the focus of a business. It is noted that to a large extent, teamwork and participation are important for achieving a continuous quality improvement culture and that training and education are vital elements with respect to Total Quality Management implementation. 75% of the respondents demonstrated that

Total Quality Management had played a critical role in vision and mission setting, ever since the concept was taken up a few years ago.

4.2.1 Creating awareness by Training of Employees

It was discovered that the company provides training and takes other procedures to satisfy competence need, including how the it ensures staff are informed about the relevance and importance of their activities and how they contribute to the achievement of the quality objectives; how the company has planned the processes and sub-processes it needs for product realization (to have in place to produce its product); how Safaricom Limited determines and provides competent personnel to perform duties affecting quality; and lastly how the management determines and provides resources needed to enhance customer satisfaction by meeting customer requirements.

4.2.2 Incorporation of the International Organization for Standardization

Safaricom Limited's quality system is derived from ISO 9000, which is in line with the International Organization for Standardization that created the Quality Management System (QMS) standards in 1987 with a series of standards comprising ISO 9001:1987, ISO 9002:1987 and ISO 9003:1987; which were applicable in different types of industries, based on the type of activity: designing, production or service delivery. Asked what consideration the company had put in place to ensure the strategies developed and implemented by Safaricom Limited are customer centric bearing in mind that Total Quality Management is all about customers, the respondents listed organization-wide implementation of Total Quality Management and incorporation of the Customer Delight Index (CDI) in every employee's performance appraisals as some of the initiatives. To ensure a fit between strategies and the external environment using Total Quality Management, the respondents cited strategic alliances with other business partners (e.g. suppliers, corporate consumer of telecom services, and other members of the value chain, etc), Customer Delight Index, and a clear Corporate Social Responsibility policy, amongst others, as some of the programs to this effect. There was 100% and 75% repeat rate, respectively, that customer loyalty and the need to gain

competitive advantage has driven Safaricom Limited to implement Total Quality Management.

4.2.3 Continuous Improvement of Products and Services

Safaricom Limited has to a very great extent taken corrective action to ensure conformity of the products and services, when planned results are not achieved by measuring and monitoring processes to demonstrate the processes ability to achieve planned results. Respondents further demonstrated that the company also conducts internal audits at planned intervals to determine whether the QMS conforms to the requirements of the ISO 9001:2000. Safaricom Limited applies suitable methods to monitor and, where applicable, measure the quality management's system processes. It has also managed to monitor information relating to customer perception as to whether Safaricom Limited has fulfilled customer requirements. The company's change process includes an evaluation of the effects of changes on constituent parts, which are the organizational functions (departments).

Quality improvement may require changes in mission, structure, job design, management practices and even other facets of the Strategy function. By employing varying forms of the quality tools, respondents indicated 100% that Safaricom Limited has been able to match its long term objectives and the action plans to ensure its set targets and goals are achieved, against the quality benchmarks. For instance, respondents indicated that process flowcharting has been applied in the process of formulating and monitoring the company's marketplace strategies. Initially, before the introduction of the Balanced Score Card, Pareto charts were used in strategy analysis to determine where time would be spent on improvement efforts. Currently, a modified (to suit the needs of Safaricom Limited) Cause-and-Effect diagram is being applied in some departments for purposes of identifying the potential (or actual) cause(s) for certain organizational defects, or in needs assessment to assist in illustrating the relationships among several potential (or actual) causes of an implementation problem.

4.2.4 Leadership and Top level Management

Safaricom management evaluates the need for changes to the Safaricom Quality Management System /quality manual, i.e how the Management teams provide input to the company's top management on the quality performance and needs for improvement, how the Management teams promote awareness of customer requirements throughout the company, how the Management Output Review in Quality Management includes actions to resource needs so as to improve the effectiveness of the quality management system and its processes, and improvement of product related to customer requirements.

4.2.5 Other Tools used

Finally, this study finds that Safaricom Limited has also implemented some of the Statistical Quality Control techniques, including modified variations of the Statistical Process Control and Quality Histograms, in order to ensure consistency of product and process quality. Accordingly, 75% of the respondents stated that initiatives such as Quality circles, Kaizen, suggestion schemes, etc. have been adopted and significantly motivated the staff to participate in quality improvement initiatives, as demonstrated by the most recent Employee Satisfaction Survey conducted by the Synovate Group (formerly Steadman Research), in June 2011. Thus, Safaricom Limited has fully embraced Total Quality Management in its performance management systems. Safaricom Limited applies suitable methods to monitor and, where applicable, measure the quality management's system processes. All these, in one way or the other is intended at ensuring that the industry-wide Customer Delight Index (CDI) rating is favorably achieved.

4.3 Challenges Safaricom Limited has faced in applying Total Quality Management in Strategic Management

Regarding challenges facing the organization in strategy development and implementation process, it is clear from the transcribed responses that lack of adequate resources and lack of proper and adequate training on the importance of Total Quality Management are some of the hindrances in the application of Total Quality Management as a strategic tool. Further, the team involved in strategy development and implementation faces considerable resistance to the process, with 75% of the respondents indicating so. Managing this resistance has not been easy either, but relevant training programs, quizzes with instant prizes, amongst other programs have been adopted.

On the other hand, lack of top management commitment is not a major barrier. In fact, there was a 100% repeat rate that the senior management is committed to the application of Total Quality Management for competitive positioning in the industry. This study has also found that computer culture acceptance-resistance to change and lack of a shared vision amongst the cross-functional strategy teams are considerable constraints in the application of Total Quality Management as a strategic tool in Safaricom Limited. Further, lack of mature Total Quality Management-IT infrastructure, inappropriate risk and change management, and complacency and lack of business process redesign on strategic TQM were also affecting application of Total Quality Management in Safaricom Limited.

In whole, Safaricom Limited has to a great extent encountered some of the following major challenges in the implementation of its quality management practices: failure to clearly define the Total Quality Management challenges in the organizational functions; the impact and validity of decentralized units like retail shops and Regional Network Departments (RNDs); and there is poor utilization of some organizational resources like skilled labour and IT systems. Specifically, and on the challenges Safaricom Limited faces in the implementation of Total Quality Management as a strategic tool, the respondents mentioned lack of across-the-board holistic approach to Total Quality Management, lack of relevant systems and institutional framework in the company and lack of rewards and motivation for staff as some of the constraints in applying Total Quality Management as a strategic tool in the company. Lack of customer focus yielded mixed results. However, availability to training is not a constraint since employees are readily available for training programs once scheduled.

CHAPTER FIVE

SUMMARY, CONCLUSSION AND RECOMMEDATION

5.1 Introduction

This study focused on Total Quality Management in Strategic Management as its premise, by establishing the use of the Total Quality Management approach which has been successful in other organizational functions such as production, finance etc, in successful implementation of the strategic functions. The researcher managed to accomplish the purpose, as well as the specific objectives of the study, which were: (i) to determine how Safaricom Limited applies Total Quality Management in Strategic Management, and, (ii) to establish the challenges Safaricom Limited faces in applying Total Quality Management in Strategic Management. This section presents the summarized findings, conclusion, recommendations and suggestions for further research.

5.2 Summary of Findings

This study has shown that Safaricom Limited's choice of strategies is driven by need for sustainable market growth, the stiff competition, regulatory environment, Corporate responsibility and revenue generation. Further to this Safaricom Limited, through its quality manuals, has to a very great extent ensured that the quality documents remain comprehensible and readily identifiable on the company intranet.

The company has also described the interaction between the processes of quality management system; reviewed and updated as necessary and re-approved documents to evaluate the need for changes to the company's Quality Management System (QMS) to ensure its continuing suitability, adequacy, and effectiveness.

Safaricom Limited uses Total Quality Management mainly in pursuit of efficiency, customer loyalty and enhanced revenue generation

It is noted that to a large extent, teamwork and participation are important for achieving

a continuous quality improvement culture and that training and education are vital elements with respect to Total Quality Management implementation.

To ensure Total Quality Management the company has incorporated the Customer Delight Index (CDI) in every employee's performance appraisals as some of the initiatives.

Some challenges Safaricom Limited faces in the implementation of Total Quality Management as a strategic tool, the respondents mentioned lack of across-the-board holistic approach to Total Quality Management, lack of relevant systems and institutional framework in the company and lack of rewards and motivation for staff as some of the constraints in applying Total Quality Management as a strategic tool in the company.

5.3 Conclusions

Total Quality Management implementation can be mirrored to the Strategy functions by implementing the Total Quality Management principles when formulating and developing strategies, analyzing and implementing strategies and monitoring the implementation process.

Following the above findings, this study concludes that Total Quality Management has many practical applications in strategy functions. If the Total Quality Management principles are fully integrated into the organizational functions and the Total Quality Management quality tools applied, then the benefits to be borne are immeasurable.

This study also concludes that the challenges to the application of Total Quality Management as a strategic tool in the telecom sector are remote. In addition, a majority of staff are aware of the general Total Quality Management principles, albeit in a broad sense.

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Based on the findings, this study recommends that a proactive awareness programme should be developed and implemented to educate all employees that quality is their responsibility, as it is everyone's responsibility. Additional awareness needs to be conducted to communicate to the staff that the functional quality units exist in the organization, only to provide specialist skills to assist employees in making quality their own responsibility.

Secondly, the senior management is requested to continue keeping junior staff aware of the quality management practices and the quality policy in terms of its contents and impact on their work environment as well as to review management commitment in terms of role model behavior and effective communication of quality initiatives within the organization.

Thirdly, the ongoing recognition and reward programmes for quality performance by employees should continue to ensure that employees remain motivated so as to sustain the quality improvement culture that has been created.

Also, there is a need to develop better HR integration to improve the organization's corporate strategy by creating links between organizational and employee development. Further, enhanced communication with employees is recommended. However, this should not only apply to the strategy managers, but also to other managers, particularly line managers who must be aware of using appropriate communication skills to encourage and even criticize their immediate staff, for purposes of quality improvement.

The study also recommends a proper Strategy Management (SM) Information System in the organization in order to make the cross-functional strategy systems operate better from a technological perspective, as this is convenient and efficient in managing information and systematic data management. The use of specific quality tools like resource histograms, Pareto charts, fishbone, etc, need to be augmented so as to reap the full benefits of Total Quality Management. In conclusion, it is recommended that regular surveys of employee perceptions be conducted and feedback discussed at the scheduled quality review meetings. An effective quality improvement and communications strategy can then be determined for implementation in this regard, for each financial year.

5.4 Suggestions for Further Research

This research project discussed the practical application of Total Quality Management approach to the strategy functions at Safaricom Limited and presented the quality components, driving elements and challenges faced in the implementation of the Total Quality Management standards in the everyday activities performed by the Strategic Management function. However, the research does not discuss in detail how Total Quality Management can be applied broadly across the organizational structure and the organizational structure's requirements to accommodate the consequences of a total quality management system. In particular, the study has pointed out that quality is a job of everyone in the organization and it is concerned with all the activities within the organization. To fill this gap, it requires further research which may form an agenda, beyond the present one. The study further suggests a similar study on the other sectors of the economy using industry level empirical data in order to get a more definitive picture of the applicability of Total Quality Management in Strategic Management as well as other organizational functions, and to determine if indeed the companies implementing Total Quality Management get value addition in their processes.

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Wilkinson, A. and Dale, B.G. (2001) Integrated management system: A model based on a total quality approach. *Managing Service Quality*, 11(5) 318-330. AN INTERVIEW GUIDE ON THE IMPLEMENTATION OF TOTAL QUALITY MANAGEMENT IN STRATEGIC MANAGEMENT PHOCESSES IN SAFARICOM LTD

SECTION A: PROFILE AND GENERAL INFORMATION

- 1. What is the name of your department?
- 2. How long have you worked in Safaricom?
- 3. What is your position and how long have you been in this department?
- 4. What would you say informs the choice of strategies that Safaricom Ltd employs?
- 5. How often does Safaricom Ltd formulate/revise its strategies?
- 6. What other tools does the organization use apart from TQM in strategy management?
- 7. Which of the following quality initiatives has your department/section implemented?
- 8.

SECTION B: TOTAL QUALITY MANAGEMENT AND STRATEGY MANAGEMENT

- 9. What is your impression about Total Quality management and strategic management?
- 10. What would you say is the role of Total Quality management in vision and mission setting in Safaricom Ltd?
- 11. What consideration has the company put in place to ensure the strategies developed and implemented are customer centric?
- 12. How does Safaricom Limited ensure a fit between strategies and external environment using Total Quality management?
- 13. Where would you place the need for customer loyalty in the implementation of Total Quality management?

- 14. How would you say the need to gain competitive advantage has driven Safaricom Limited to implement Total Quality management?
- 15. How has Total Quality management been used in strategy formulation?
- 16. How has Total Quality management been used in strategy analysis?
- 17. How about Total Quality management and strategy implementation in Safaricom?
- 18. Has Total Quality management been used in strategy implementation, also?
- 19. How does the organization use Total Quality management to ensure its Customer Delight Index (CDI) rating is achieved?
- 20. Does Safaricom Ltd use Total Quality management to evaluate its performance?
- 21. How does the organization use Total Quality management to match its long term objectives and the action plans to ensure its set targets and goals are achieved?
- 22. Total Quality management has many important quality tools that can be used in strategy management. Which of these tools are common in Safaricom Ltd?
- 23. Statistical techniques (such as Statistical Process Control, Design of Experiments, etc.) are important to ensure consistency of product and process quality. Do you employ such techniques?
- 24. Initiatives such as Kaizen, suggestion schemes, quality circles, etc. will motivate employees to participate in quality improvement. Does Safaricom Ltd adopt such initiatives?

SECTION C: PERCEPTION ON BARRIERS TO TOTAL QUALITY MANAGEMENT

- 25. What challenges does the organization face in strategy development and implementation process?
- 26. Does the team involved in strategy development and implementation face resistance to the process? How do you manage such resistance?
- 27. What are the challenges Safaricom Ltd faces in the implementation of Total Quality management?
- 28. What is your impression of management commitment to Total Quality management?
- 29. Are there sufficient resources for implementing strategic TTotal Quality management ?
- 30. Do you have relevant systems and structures for Total Quality management activities?

- •31. Do you think lack of rewards and recognition for staff is a constraint in the implementation of Total Quality management?
- 32. Availability to training can be barrier to integration of Total Quality management in Strategic management. What is you view?

Any Comments/additional information: THANK YOU FOR YOUR COOPERATION



UNIVERSITY OF NAIROBI

DEPARTMENT OF BUSINESS ADMINISTRATION MBA PROJECT SUPERVISION ALLOCATION FORM

SECTIONA: (To be completed by the student) all details are mandatory.

Name of student. Shalla Dawn On	curve Mobile phone No. 072277	2506
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referred Supervisors (in order of preference):		
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SECTION B: (To be completed by Allocation Committee)		
Name of Supervisor Allocated	Mobile No	
Name of Co-Supervisor, if any		
Total number of students allocated to the supervisor within th	e year to date	
Name of person who will Moderate the Proposal		
Committee Secretary:		
Name	SignatureDate.	
Thematic Coordinator: Name	Signature MUluulu Date.	4/8/204
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by 2 (photocopy) to be filed by the Supervisor Py 3(photocopy) to be filed by the student