STRATEGIC CHANGE MANAGEMENT PRACTICES AND COMPETITIVE ADVANTAGE OF SAFARICOM PLC

JAMES UTU

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DECLARATION

This Research Project is my original work and has not been submitted for award of a degree at the University of Nairobi or any other University.

Signed ………………………………………… Date ……………………………………

JAMES UTU

D61/87606/2016

This Research Project has been submitted for examination with my approval as the University Supervisor.

Signed ………………………………………… Date ……………………………………

Prof. Z.B. Awino

Department of Business Administration

School of Business

University of Nairobi

ACKNOWLEDGEMENT

DEDICATION

I dedicate this project to my Son Tyrelle Jabali Utu. May this work inspire you to do more for yourself and the world at large. And as you grow and endeavor to make your dreams a reality, may it continuously dawn on you the fact that reality begins with what you have, not with what you are waiting on.

To my wife Cynthia, thanks for your enormous support throughout my Studies. And for taking care of Jabali thank you very much. This work would not have been possible were it not for the role you have played all through.

ABBREVIATIONS AND ACRONYMS

ARPU   Average revenue per user

CA   Communications Authority of Kenya

CBK   Central Bank of Kenya.

CBU   Consumer Business Unit

CEO   Chief Executive Officer

EBU   Enterprise Business Unit

NPS   Net Promoter Score

PLC   Public Limited Company

SMS   Short Message Service

LTE   Long Term Evolution

WIMAX   Worldwide Interoperability for Microwave Access

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ABSTRACT

The environment in which organizations operate in is dynamic and ever changing. To remain competitive, organizations need to continuously devise how to adapt to the changes. Thus organizations have to come up with strategies to remain competitive. While having a strategy is one thing, it requires application of best practices to steer the organization to achieve the goals so identified in the strategy. There is therefore need for organizations to adopt learning organization concept and have with them dynamic capabilities that can have them remain competitive in an ever changing environment. This study sought to establish the strategic change management practices that Safaricom Plc has adopted and the contribution of such practices to competitive advantage of the Safaricom Plc. To achieve this, a case study approach was taken. Data was collected through the use of face to face interview with the aid of an interview guide. Four respondents were interviewed in Safaricom Plc that is Director Strategy and Innovation, Director Technology, Director Enterprise Business Unit and Director Consumer Business unit. Data analysis was done through content analysis with editing of the interview guide being done for consistency and completeness. Data collected was qualitative and hence the choice of content analysis which allows evaluation of qualitative data by identifying distinctive features of data to make accurate conclusions based on the similarity of the trends involved. The research established that Safaricom Plc employs a number of best practices to ensure successful change implementation. These include Establishing a vision, Strategic leadership, Stakeholder analysis and management, Resistance management, communicating openly and doing so in time as well as Monitoring and evaluation. The study further established the contribution that the application of such practices has had on the competitive advantage of Safaricom Plc. By applying best practices in Strategic change Management, Safaricom Plc has been able to gain competitive advantage with indicators like market share, time to market for products and services as well as product quality being as key distinguishers. The researcher recommends further research to be done in a different context for example a different player in the mobile telephony industry with little or no signs of competitive advantage. This will provide a rich ground for comparison and establish the role that Strategic change management practices would have on such a player. In addition due to the changing trends, the researcher recommends a repeat of the study in five years and establish how the different Strategic change management practices for example stakeholder analysis and management would be especially with a changing workforce.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Organizations exist in an external environment and as such the external environment shapes the opportunities and threats that firms are exposed to. For an organization to survive it should have the capacity to proactively as well as reactively respond to the opportunities and threats posed by the ever dynamic external environment. Strategy is about change whose outcome is a desired organizational goal. The need for Strategic change in organizations is brought about by the ever growing concern for organizations to remain competitive. Hardy (1995) defines Strategic change management as a set of actions, processes and decisions that are executed by an organization's members to realize their strategic intentions.

In the formulation and execution of strategy, strategic thinking provides a firm's leadership with a system wide view of the organization and industry as well as a view on dependencies which need to be taken care of in order to achieve competitive advantage. Competitive advantage refers to the edge that an organization has over its competitors in attracting and retaining customers and in ensuring it guards itself against forces of competition. In order to remain competitive, organizations have to continuously scan the external environment and seek appropriate Strategic change avenues. In addition, Organizations have to deal with the fact that Strategic change remains difficult and unavoidable and the manner in which change is carried out determines how competitive the firm remains. Changes in the external environment influences the strategic choices that an organization adopts.

The study is anchored on two theories and a model: Dynamic capability theory, Environmental dependency theories and Lewin's Change management model. The dynamic capabilities view of competitive advantage focusses on the capabilities that give firms the competence of adapting to change in their environment and hence gaining competitive advantage. (Teece et al. 1997). Dynamic capabilities have a direct effect on organization performance and competitive advantage. Capabilities refers to a firm's capacity to deploy resources, usually in combination and while encapsulating explicit processes and elements such as know-how and leadership. The environment dependency theory on the other hand influences change management from the perspective of political, social, economic and technological factors. Finally the Lewin's Change management model suggests that change in an organization occurs in three phases which promotes the adoption of new behaviors and elimination of the old unhelpful activities that is unfreezing the present level, changing to the new level and refreezing the new level.

The motivation of this study is to find out what Strategic change management practices that Safaricom Plc has employed and their contribution to its competitive advantage. The study seeks to evaluate the application of strategic change management practices in the context of Safaricom plc in the midst of competition. In addition the study will bring to the fore best practices in strategic change management which can assure organizational success in the long run. Further the study seeks to identify the key metrics which are core in ensuring Safaricom Plc has continued to succeed amidst the cut throat competition and the ever changing regulatory and technological environment.

The mobile Telephony industry remains highly competitive in Kenya to be specific as well as all over the world. Thus the players have to adopt Strategic change management practices that can afford them competitive advantage. Safaricom Plc is one of the players in the mobile telephony industry in Kenya that has been offering Voice, Data as well as Value added services. It therefore needs to come up with Strategic change management practices that assures that it can exploit the opportunities as well as safe guard itself against threats posed by the external environment.

1.1.1 Strategic Change Management

According to Hardy (1995), Strategic change management refers to defined actions, processes and decisions that are executed by an organization's members to realize their strategic intentions. This enables organizations to achieve highest impact and have the least interruption and negative consequences. This aids a firm in gaining competitive advantage.

Maalu (2007) notes that a strategic change entails fundamental changes in a firm and its position and direction in future. Unlike operational change whose main focus is enhancing efficiency, strategic change is about effectiveness. Strategic change involves transformation of an organization in order to align with the chosen corporate strategy with the key focus being effectiveness.

As Ragsdell (2000) noted, the intention of a strategic organizational change is to move an organization from its current state to a desirable state. This strategic change is carried out to afford the firm a competitive edge to either exploit opportunities or address threats. This therefore means there is a "before "and an "after". The manner in which this transition is carried out determines whether the intended "after " is achieved or flops.

1.1.2 Practices in Strategic Change management

Successful Strategic change management involves a number best practices. It's the execution of these best change management practices that assures an organization a competitive advantage in its area of operation. Anytime a firm proposes any sort of change, there are two outcomes likely to happen: it will be exciting to some people and threatening to others. It is this realization that poses the biggest challenge in Strategic change management. To successfully cultivate not only acceptance but also support in the long term, it is therefore necessary to employ a number of best practices.

At the onset, the leadership should establish a vison which spells out the position envisioned that will be achieved by carrying out the change. Secondly, successful Strategic change management should employ strategic leadership and planning. According to Kouzes & Posner (2007) leadership entails influencing one person to take an initiative to achieve a desired goal or tasks. The third strategic change management practice involves resistance management. The transition from one point to another usually involves inherent resistance. Successful change management involves incorporating ways of dealing with resistance.

The resistance encountered can by either systematic or behavioral resistance. Other Practices in Strategic change management include Engaging stakeholders, communication at all levels as well as measuring progress at each level. These practices are aimed at ensuring that Strategic change initiatives are accomplished. Failure to incorporate these practices leaves the change initiative at a high risk of failure even before it begins.

1.1.3 Concept of Competitive Advantage and Strategic Thinking

Strategic thinking is a synthesizing process utilizing intuition and creativity and whose outcome is an integrated perspective of the firm. Raimond (1996) argues that strategic thinking is divided into two modes: strategy as an intelligent machine which is data driven and strategy as a creative imagination. By applying strategic thinking in strategy formulation and execution, a firm is able to sustainably excel by having a system wide perspective of the firm. Nasi (1991) on the other hand differentiates between the "hard line" analytical approach with its traditional focus on competition and the "soft line" approach emphasizing values and culture.

In a competitive world, organizations are constantly finding themselves at the cross roads of effecting change programs geared towards competitively meeting customer's needs while at the same time doing so in a sustainable manner. This calls upon organizations to apply strategic thinking in coming up with Strategic change initiatives as well as in their execution. According to Porter (1985) competitive advantage is the ability of a firm to earn returns on investment consistently above the average for the industry. To create a competitive advantage, a firm uses resources and capabilities to arrive at a lower cost structure or a differentiated product.

The decision on whether to choose either is central to an organization's competitive strategy. In addition, a firm needs to make a decision on how broad or narrow its target market is (Porter, 1985).Either lower cost structure, Product differentiation or focus, are achieved by an organization intentionally analyzing its current position and then making a decision of where it needs to be. This transition from always requires application of Strategic Change management practices to afford the firm its desired goals. Hence the need for an organization to employ strategic leadership in managing Strategic changes in response to opportunities and threats posed by the environment. In order to remain competitive, organizations have to continuously scan the external environment and seek appropriate Strategic change avenues. Porter, M. (1985) presented three generic strategies that a firm can adopt to have competitive advantage that is overall cost leadership, differentiation and the third one being focus on a product line, buyer segment or targeted geographical markets.

1.1.4 Mobile Telephony Industry in Kenya

The mobile telephony industry in Kenya has experienced a rapid growth in the last decade with a number of players like Safaricom PLC, Airtel and Telkom Kenya. According to Communications Authority quarter 3 report for 2017-2018, mobile subscriptions currently stand at 44.1 million subscribers. During this quarter according to Communications authority, Safaricom has 67% while Airtel has 19.7 % and Telkom Kenya with 8.6 % market share in mobile subscriptions. With the current playing field, players in the Mobile telephony industry are either forced to strategize and survive or remain stagnant and perish.

The industry has witnessed cut throat competition among the players in the industry as a result of constant innovation in the ICT sector both in terms of infrastructure and software. In addition, the entry barriers are continuously being lowered as a result of decrease in the amount of license fee thus allowing other operators like Jamii Telecom to enter into competition amongst the array of services provided by mainstream players. According to CA report for Q3 2017-2018, Safaricom PLC reported a total of 29.5 million mobile subscriptions with 28.4 million being prepaid and 1.1 million being postpaid subscriptions. In the same period, Airtel Networks Limited mobile subscriptions stand at 8.7 million subscriptions while Telkom Kenya registered 3.8 million subscriptions.

The industry has further seen as result of the cut throat competition experienced, players in the mobile telephony industry getting into partnerships with other players in different industries. For example, a number of players are partnering with banks to offer end to end financial solutions. With the regulations governing the Mobile telephony industry, the players are forced to innovate around blue ocean areas to create new demand for products and services ranging from mobile money services as well as loaning facilities.

1.1.5 Safaricom Plc

Safaricom PLC is the leading provider of Telecommunication services in Kenya offering an array of services. These include mobile calls, data services and M-PESA (an electronic money transfer service). In addition Safaricom Plc has Mshwari as well as internet connectivity to the Home as well as offices amongst its product offerings. In addition, guided by the overall purpose of transforming lives to address the three strategic pillars as envisioned by Safaricom Plc.

These pillars include customers first, relevant products and services and operational excellence Safaricom Plc is constantly driving innovations targeting different spheres. These range from Products like Digi-Farm which offers farmers a suite of information and financial services.Safaricom PLC trades in NSE (Nairobi Stock Exchange) as SCOM:NAI. It was formed in 1997 as a subsidiary of Telkom Kenya and later on in 2000, Vodafone Group PLC acquired a 40% stake as well as management responsibility for the company. In compliance with section 53 of the companies act, 2015, Safaricom changed its name to Safaricom PLC. Safaricom PLC prides itself as a market leader coming up with innovative products like M-PESA.

Safaricom PLC has faced several challenges emanating from external and internal factors ranging from Political, Technological, Legal and Social. These include among others reports declaring it as a dominant player, technological advancement with a need to revolutionize as a Digital telco. Other factors like change in regulatory frameworks like taxation for mobile money transfer services continue to push the organization to deliver products and services at an attractive price.

1.2 Research Problem

The mobile telephony industry is affected by a number of forces which depict the dependency on the environment. These forces exert pressure on service providers to respond and come up with appropriate strategies to counter the same. With the changes in external environment, pressure is put on how organizations continue to deliver value to their customers in a cost effective manner while still maximizing shareholder wealth.

In addition, the economic environment both locally and globally poses a change in the external environment to which organizations have to align if they are to remain competitive. Thus companies from time to time will be required to carry out Strategic change programs bearing in mind the need to do so in a way that enables the organization to achieve its goal. Hence the need for application of Best change management practices in an endeavor to gain competitive advantage. By applying best practices in change management, a firm is able to pursue its strategy and eventually enhancing firm performance.

Safaricom being the leading telecommunications service provider and given that at the center of its enabling environment is a complex systems of infrastructure, skilled man power and a number of refined processes over time offers a good platform to research on what Strategic change management practices it has employed in order to remain competitive.

With changes in regulatory frameworks, change in technology as well as workforce demographics, there is an avenue of research on how organizations in the telecommunication industry address change. Managers in the industry have undertaken different change management practices some with phenomenal success and others with outright failure.

Studies on change management have been done both internationally and in Kenya. Odundo, R. (2007) carried a case study on change management practices adopted by Kenya Revenue Authority. The study found out that KRA had implemented a change program that entailed restructuring of departments in order to centralize a number of key operational areas as well as the need to improve on efficiency.

A case study on Change management practices in Equity bank by Irungu (2017) found out that leaders are in charge of setting the change context in an organization. The study further found out that fruitful organization change is anchored on courageous and a learned change administration by visionary pioneers. A case study on Change management practices in Equity bank by Irungu (2017) found out that leaders are in charge of setting the change context in an organization. The study further found out that fruitful organization change is anchored on courageous and a learned change administration by visionary pioneers. Musau (2012) undertook case study on Change management at Safaricom Ltd with an objective of identifying the approaches taken as well as challenges encountered. The study enumerated the key factors essential for a successful change program as well as the challenges encountered.

On the international front, Maryam and Ayham carried out case studies on three telecommunication companies in the West Bank and Gaza regions of Palestine on change management in the telecommunication industry. The study found out there is lack of participation of the stakeholders as well as resistance from the employees.

On their part, Bashir and Afzal did a paper on ethics based change management model and found out whereas change theories and concepts are appreciated, there is need to incorporate the ethics in the change initiatives. Whereas the above studies have been carried out on change management focusing on a number of organizations like Kenya Revenue Authority and Equity Bank, an in depth study has not been carried out on Strategic change management practices in Safaricom PLC and the implications of such practices on the competitive advantage of the organization. In addition, the change in time introduces a contextual change hence the need to carry out this study.

Safaricom has embarked on a continuous change program to rebrand itself as a Digital telco in line with mother company Vodafone. This has been carried out in all divisions more so in Technology division which has embarked on a journey from Tech 2.0 to tech 3.0. It is therefore important to study the Strategic change management practices employed by Safaricom and their contribution in affording Safaricom a Competitive advantage. Accordingly the following research question is formulated: What Strategic change management practices has Safaricom Plc employed and how do they enhance its competitive advantage?

1.3 Research Objective

The Study has one objective:

To establish Strategic Change Management practices and competitive advantage of Safaricom Plc.

1.4 Value of the Study

This research is of benefit to various stakeholders. First the management of Safaricom PLC has insight into Strategic change management Practices which can aid in anticipating strategic changes and consequently application of strategic thinking in configuring the internal environment. Secondly, by pointing out the relationship between competitive advantage and Strategic change management practices, Safaricom PLC is in a position to carefully craft change programs in order to successfully steer the firm to Sustainable Competitive Advantage. In addition, by appreciating the nature of strategic change, Safaricom Plc can appropriately allocate and assign resources based on competencies required to deliver on the change thus ensuring more success.

This study may also be of benefit to scholars who would want to study more on Strategic change management practices and their relationship to competitive advantage in the Mobile Telephony industry. The results of this study could reveal key Change management practices which if well applied can lead a firm to achieving its intended vision and consequently competitive advantage. Thus the study can form a basis for carrying out further research in strategic change management.

Finally, this study is of great importance to government agencies like CA, CBK and Competition Authority which regulate in the areas of operation that Safaricom PLC has engaged in. This can help government agencies in formulating policies that are a win-win. By so doing regulatory agencies have an insight on the impact of the policies that they enforce and which enhance economic development as far as the contribution from the Telecommunications industry is concerned.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

Johnson and Whittington (2005), defines strategy as the direction and scope of a firm over the long term which helps it gain competitive advantage. The environment in which organizations operate in is dynamic hence in order for the firm to meet market needs and stakeholder expectations, the firm should possess an ability to strategically analyze the opportunities with an intention of exploiting them and the threats with an aim to mitigate the impact on business operations.

With the myriad of challenges that are faced by organizations, their ability to survive and remain competitive depends on a strong strategic leadership that is able to steer the organization through major strategic changes that assures the organization of both short term and long term success. Hence in a contemporary world, the area of strategic change is increasingly becoming a key area of focus by management.

The factors driving the need for change are dynamic market forces, change in customer demands for quality products and services and new technologies. Thus in order to capture where organization should aim at in future, there is need to apply strategic thinking in formulating and executing Strategy in order to gain competitive advantage. Liedtka (1998) observes that Strategic thinking affords an organization a system-wide perspective as well as thinking in time which incorporates scenario planning and thus enabling the firm to map out future possibilities that it can develop capabilities for.

2.2 Theoretical Foundation

For Management to successively carry out strategic changes, there is need for a clear understanding of the theory and practice of change management. In most organizations that fail to achieve the objectives intended by the change, one of the contributing factors is the lack of the appreciation of the theory and practice of fundamental principles of change management. Strategic change management is a growing field in strategic management and as such it is yet to have distinct clear-cut concepts, theories or arguments and practice.

As Maalu (2007) noted that the current theories and practice borrow heavily from social science schools of thought that form the foundation of change management. These schools of thought include: - open systems, Individual behavior and group dynamics. For open systems, organizations are composed of a number of subsystems that are interconnected and hence a change in one subsystem will affect the others. The subsystems are in continuously interacting with the environment.

The second school of thought on individual behavior holds that individual behavior is influenced by use of reason to interpret these external stimuli. It is further argued by Maalu, (2007) that behavior is learned and an individual's behavior is influenced by such things like reward and recognition. On group dynamics school of thought, individuals are members of groups and an individual's behavior is dependent on what is exhibited by members of the group. Individual behavior is a function of the group environment. Thus individual's behavior will follow a similar pattern as the group in response to group pressures.

The dynamic capabilities view of competitive advantage focusses on the capabilities that give firms the competence of adapting to change in their environment and hence gaining competitive advantage. (Teece et al. 1997). Further Teece adds that the competitive advantage of firms is seen as resting on distinctive processes, ways of coordinating and combining), shaped by the firm's asset position for example knowledge and the evolution path(s) it has adopted. Dynamic capabilities have a direct effect on organization performance and competitive advantage. Capabilities refers to a firm's capacity to deploy resources, usually in combination and while encapsulating explicit processes and elements such as know-how and leadership.

The environment dependency theory on the other hand influences change management from the perspective of political, social, economic and technological factors. Changes in the external environment influences the strategic choices that an organization adopts. Finally the Lewin's Change management model suggests that change in an organization occurs in three phases which promotes the adoption of new behaviors and elimination of the old unhelpful activities that is unfreezing the present level, changing to the new level and refreezing the new level.

Kurt Lewin first coined the term 'action research' in about 1944 and it appears in his 1946 paper action research and minority problems (Action Research Boston, 2008). He describes Action research as the research on an identified problem with a goal of making it more effective. It refers to programs and interventions designed to solve a problem or improve a condition. The action research process involves the perception of the problem by some key individuals, that is, consultation with experts.

Then systematic data gathering about the system relative to some goal; then acting by altering identified determinants in the system; carrying out results evaluation by getting more data and then further action. The second model is Kurt Lewin's three step model which includes unfreezing previous behavior, changing and refreezing the new patterns. This change model outlines the need to do away with old behavior, structures, processes and culture before adopting new approaches (Bamford and Forrester, 2003). The final step in Kurt Lewin's model is refreezing which involves reinforcing the changed behavior both informally and formally.

Kotter (1995) outlined an eight step model which can help organizations in their transformation agenda. These include establishing a sense of urgency by carefully carrying out analysis and clearly communicating that change is needed. This is followed by building a guiding coalition, creating a vision, communicating the vision to stakeholders and taking actions to empower other people to act on the vision. The sixth step in Kotter's eight steps entails planning for short term wins. This is followed by consolidating improvements and producing change as the seventh step. Finally the eight step entails institutionalizing the new approaches with an aim of making them to stick.

The emergent approach views change as a continuous open ended and unpredictable process of aligning and realigning the organization to its changing environment. It recognizes the need for firms to align their internal practices to the external conditions. According to emergent approach change is rapid and hence not easy for senior managers to come up with a series of actions in response. (Kanter, Stein & Jick, 1992).

Thus the emergent approach stresses out the fact that change should not be viewed as a number of linear events in a particular time frame but rather it's a continuous process that should entail continuous learning and adapting to the ever changing conditions. Dawson (1984) advanced the processual model which is an approach that seeks to understand change as it happens. Change is a complex, unpredictable and continual process and organizations are characterized by conflict, power struggles and politics hence the need to fully understand the context and substance of change. Therefore, temporal aspects of change are used as a means of breaking down the complex process of organizational change into manageable portions and then have organizational transition with new work practices. Organizations are political systems and people will cooperate and commit themselves to the extent to which they perceive the goals they are pursuing is in tandem with the change being introduced (Mullins, 1999)

The second emergent change model is the logical incrementalism developed by Quinn (as cited in Maalu, 2007). He claimed that strategic management involves guiding actions and events towards a conscious strategy in a step-by-step process. Managers nurture and promote strategies that are themselves changing. The patterns of change come through creating awareness and commitment incrementally, amplify understanding and awareness. There is also changing symbols that involve building credibility; legitimizing new view points; making tactful shifts and partial solution. After which the management broadens the political support to overcome opposition, structure flexibility, systematic trial and waiting. It is followed by solidifying the progress incrementally by creating pockets of commitment. Finally, the integration of processes through an incremental process not piecemeal and rewarding key thrust.

Senge (1990) learning organization model is the third model of emergent change. The learning organization model holds the view that strategic change does not happen suddenly but rather it is adopted by organizations which are continuously seeking for it.This is done by organizations expanding their ability to create the results that they envision. The new capacities so achieved are perpetually nurtured and in turn creates an organization culture where learning is embraced. By continuously learning, experimenting and consequently laying proper communication channels, firms can renew themselves to new levels. A learning organization uses learning, experimentation and communication to renew itself constantly and in the process they improve their capability to change in a particular desired manner to achieve better results.

Successful strategic change management involves two dimensions; the people dimension and the business dimension. According to Todd,(1999) strategic change management aims at achieving a sustained change in human behavior. Thus the people dimension is involves the alignment of the organization's culture, values, people and behaviors to encourage the desired results.

On the other hand the business dimension of change entails the need for change, the change strategy-scope and objectives, Business processes, systems and structures as well as implementation and post implementation. The people dimension in Strategic change management entails use of strategic leadership to see to it that the human side of change is addressed otherwise the strategic change is bound to fail. This will involve involvement at all levels in the organization, ownership-ensuring people own the change, communication-both the right info and the right timing as well as cultural aspect to assess organizational readiness.

Effective management of people dimension requires managing five key phases that Awareness, Desire, Knowledge, Ability and Reinforcement. (ADKAR MODEL). At the beginning of any change initiative, leadership should create awareness of the need for change. Questions like" why should we change if its working "should be addressed.
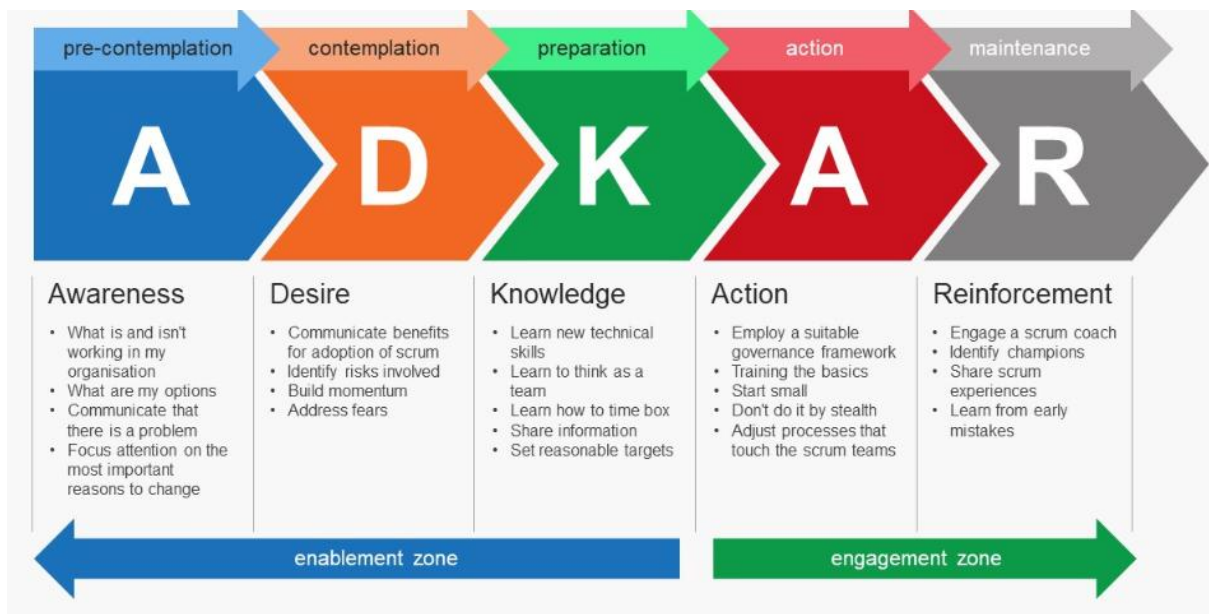
Figure 2.1: ADKAR model Adapted

Source: https://www.prosci.com

The second element in the ADKAR model is Desire. This involves highlighting the benefits people stand to gain by embracing the change. This involves identifying risks as well as addressing any fears. The third element is addressing the knowledge aspect which requires having knowledge on change and how to change. Lastly the ability of the people involved as well as reinforcement of the change.

2.3 Strategic Change Management Practices in organizations

Successful Strategic change management involves a number best practices. Whereas there is no a standard approach to effective change management, due to different structure, history, culture and needs of organizations), a number of factors when properly applied make an organization's transition have a high likelihood of success It's the execution of these best change management practices that assures an organization a competitive advantage in its area of operation. By following a strategic set of Change management practices, organizations are not only successful in the short term but also in the long term.

These practices include establishing a vision, Strategic leadership and planning, communication at all levels, stakeholder management, resistance management and a way of measuring progress/monitoring. By employing these practices in Strategic change, an organization is able to steer from one point to another with ease.A strategic change entails establishing where the organizations plans to be and whose achievement comes as a result of the change initiative. This forms the vision for the change. According to Kotter,(1995), without establishing a vision and clearly outlining a sense of urgency, people won't give that extra effort that is often essential. Instead they will cling to status quo and resist any initiative from above.

Strategic change management should employ strategic leadership and planning. Kouzes & Posner (2007) posits that leadership entails influencing one person to take an initiative towards a desired goal. Strategic leadership is ability to inspire and drive action towards achievement of a number of shared goals. Strategic leaders steer an organization towards a particular direction by timely utilizing the information obtained from analysis.

According to Kotter (1995) leadership is the engine that drives change. Leaders With proper change leadership, the prospects of successful change implementation is enhanced. Hence to successfully engineer a strategic change, a large number the top leadership should be committed. Kotter (1995) asserts that strategic change programs that lack strategic leadership can make apparent progress for a while but the momentum can't be maintained unless a clear leadership is offered to steer an organization on the many myriad of challenges.

Johnson & Scholes (2002) defines stakeholders as those individuals or groups of individuals who depend on the organization to fulfill their own goals and on whom the organization in turn depends on. Stakeholders define the political context of organizational strategy implementation. They may include organization staff- management and non-management, shareholders, customers, suppliers, competitors, government as well as social groups. Stakeholder management plays a key role in strategic change management in that by analyzing them the organization is able to come up with ways of not only influencing them but also in establishing how the change will affect them. In addition since stakeholder position can change from time to time, the analysis helps in keeping a tab of what is needed to get a buy in at each stage of the strategic change. Stakeholder analysis involves mapping them by considering the impact of the strategic change on them and the support they are likely to give the change effort. Issues like how interested is each stakeholder in influencing the activities or the direction of the organization (interest) and whether they have the means to influence (power).

Table 2.1: Power versus Interest Grid

Meet their needs -Engage and consult on interest area -Try to increase level of interest -Aim to move into right hand box	**Key player** -focus effort on this group -involve in governance /decision making bodies -engage and consult regularly	**High**
Least important -inform via general communication; newsletters, website, mail -aim to move into right hand box.	**Show consideration** -make use of interest through involvement in low risk areas -keep informed and consult on interest area -potential supporter/goodwill ambassador	**Low**
Low	High	

Power of Stakeholders

Interest of stakeholders

Source: Eden and Ackermann (1998:121-5,344-6)

Communication is one of the most important elements to a successful change effort in that it helps to set a tone of transparency and openness. Communication helps convey the vision and motivation for change, elicit participation and specific actions from stakeholders as well as provide social support by addressing concerns such as alleviating fears and encouraging support systems among the employees. Kotter (2008) observes that the real power of a change vision is realized if those involved in the change have a common understanding. The common understanding is achieved through a series of efforts to disseminate the information to the various stakeholders. Strategic change initiatives which have limited or no communication are bound to fail. With such change initiatives, there is no free flow of information the various stakeholders on how the change will affect them either in the current position or in their new positions as a result of the change initiative.

According to Wooten & Hoffman (2016), one of the challenges faced while carrying out a change program is resistance to change. Resistance to change is a multifaceted phenomenon which introduces delays, additional costs and instabilities in the process of change. The transition from one point to another usually involves inherent resistance. Successful change management involves incorporating ways of dealing with resistance. Resistance may take the form of procrastination and delays as well as efforts within the organization to sabotage the change. Maalu (2007 points out that the resistance encountered can by either systematic or behavioral resistance. Systematic resistance refers to the passive incompetence of the organization occasioned by organization design, organization culture or even resource limitations. On the other hand, behavioral resistance refers to resistance exhibited by individuals in an organization or a collection of members who form power centers.

In addition Johnson and Whittington (2005) emphasizes the need to understand the political context in and around the organization. The need for consideration of the political context any time a strategic change is envisioned is on the premise that to effect change, powerful support may be required fro individuals or groups. This could be the CEO, a powerful member of the board or even an influential outsider. They further add a number of mechanism which are associated with Strategic change management from a political perspective.

Successful strategic change involves coming up with metrics way in the planning process that should give a way of measuring progress. This allows the organization to understand if the stakeholders are implementing the change as intended as well as in making corrective actions. Monitoring and evaluation should continue even after implementation the Strategic change to ensure the new behavior is ingrained and old ones removed. Kotter (1995) remarks that change programs are usually a combination of a series of small and large projects, it's important to carry out continuous monitoring and provide corrective action where any deviation is noted

2.4 Concept of Competitive Advantage and Strategic Thinking

Strategic thinking is a synthesizing process utilizing intuition and creativity and whose outcome is an integrated perspective of the firm. By applying strategic thinking in strategy formulation and execution, a firm is able to sustainably excel by having a system wide perspective of the firm. Nasi (1991) on the other hand differentiates between the "hard line" analytical approach with its traditional focus on competition and the "soft line" approach emphasizing values and culture.

Liedtka (1998) defines strategic thinking as a particular way of thinking with specific attributes and puts forward a model with five elements. These elements include a systematic perspective, strategic intent, thinking in time, intelligent opportunism and hypothesis driven. Firstly strategic thinking is built on the foundation of systems perspective. A strategic thinker uses a mental model to come up with a complete end to end system of value creation while bearing in mind the interdependencies within.

Secondly strategic thinking is driven by strategic intent of the firm providing focus and energy to the staff and the organization to achieve goals. A strategic intent implies a particular point of view about the long term market or competitive position that a firm hopes to build over some time in future. Therefore the strategic intent conveys a sense of direction from one point to another depicting change. (Hamel & Prahalad, 1994).

Thirdly, Strategic thinking involves the element of thinking in time thus linking the firms past, present and the future in the thought process (Liedtka,1998). The three attributes constituting the thinking in time element guide the firm in deciding what change initiatives it needs to embark on in order to get a competitive position while at the same time providing an end to end view (systematic perspective).Liedtka (1998) further argues that strategic thinking is "hypothesis-driven" meaning that entails hypothesis generation and testing as part of its activities. Hence in an environment of increasing information on available options, the formulation and execution of strategies that assure a competitive advantage will entail a series of asking "what ifs" and "if then". Finally strategic thinking embodies intelligent opportunism meaning that indeed while the firm is pursuing a particular strategy, it should not lose sight of alternative strategies that maybe more appropriate for a changing environment
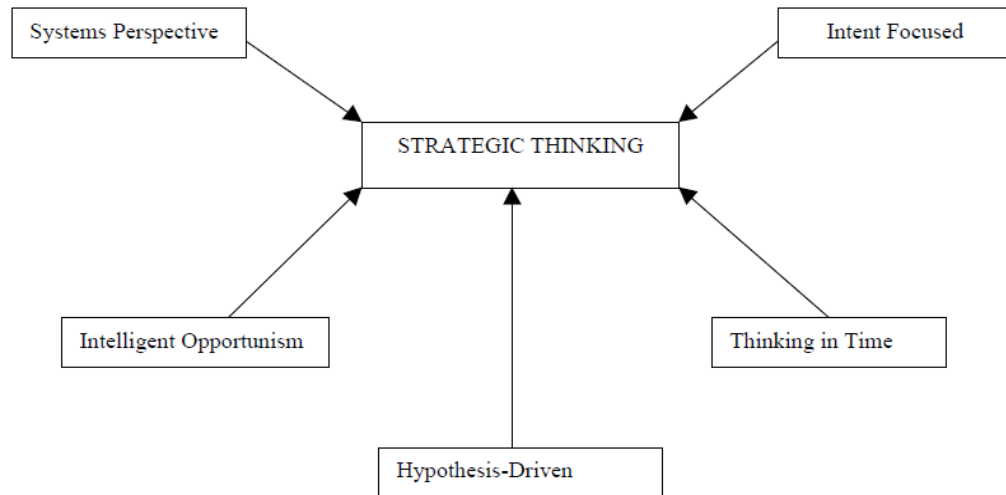
Figure 2.2: Elements of Strategic Thinking

Source: Linking Strategic Thinking with Strategic Planning, Strategy and Leadership (1998)

In a competitive world, organizations are constantly finding themselves at the cross roads of effecting change programs to competitively address customer's needs while at the same time doing so in a sustainable manner. This calls upon organizations to apply strategic thinking in coming up with Strategic change initiatives as well as in their execution. He argued that by applying the five elements a strategic thinker is not only able to creatively come up with avenues to gain competitive advantage but also will enable an organization to use scientific methods to critically measure iteratively the effect of such initiatives and hence achieve a learning organization.

Competitive advantage refers to the edge that an organization has over its competitors in attracting and retaining customers and in ensuring it guards itself against forces of competition. According to Porter (1985) competitive advantage is the ability of a firm to consistently earn returns on investment which are above the average for the industry. Competitive advantage is thus not dependent on such bases as natural resources, economies of scale or technology since these are easy to imitate. Strong core competences and competitive capabilities are an important avenue for securing a competitive edge over rivals in situations where it is relatively easy for rivals to copy smart strategies. According to Walker (2004), competitive advantage arises from developing and protecting resources and capabilities.

Tracey et al. (1999) posits that competitive advantage constitutes a set of distinctive competencies that sets a firm apart from competitors, hence giving them an edge in the market place. They further add that competitive advantage is an outcome of a set Strategic decisions. Traditionally, competitive advantage is viewed as making a decision regarding the markets in which a firm would compete, taking deliberate actions to defend its market share using either product or price attributes (Day, 1994). However, competition is increasingly seen as a "war of change" which is contingent on anticipating and timely response to changing market needs (Stalk et al.,1992).

Hence in order to create competitive advantage, firms should endeavor to create top edge competencies that can be used to create customer value and generate cost and differentiation advantages consequently leading to market share and profitability performance. Tracey et al.(1999) argues that cost, timely delivery, quality and time to market are important competitive capabilities which a firm should endeavor to achieve.

Table 2.2: Definitions and measurement items of competitive advantage dimensions

DIMENSION	DEFINITION	MEASUREMENT ITEMS
Price	The ability of a firm to compete against major rivals based on cost/price.	Offer competitive price. Able to offer prices as low or lower than the rivals
Delivery dependability	The ability of a firm to provide on time the type and volume of product required by customer(s)	Timely delivery to customer. Provide dependable delivery.
Product	The ability of a firm to introduce new products and features in the market place.	Provide customized products Alter product offering to meet client needs.
Time to market	The ability of a frim to introduce new products faster than major competitors.	First in the market in introducing new products. Time-to market lower than industry average.

Source: Competitive Advantage of a Firm through Supply Chain Responsiveness and SCM Practices, Thatte (2007)

The business environment is dynamic thus the need to monitor change in order to adapt and create additional value in the products and services. Change should be examined from time to time to ensure that sustainable strategies are set up to curb its effect. The strategies identified by the firm should be able to afford it a competitive advantage in cost, differentiation or focus aspect.

A firm can achieve above-average returns despite strong competition by affording customers a low cost for its goods and services. This can be done by carefully analyzing its Value chain and identifying amongst the primary activities or support activities, which ones need to be radically changed. Likewise a firm can pursue a differentiation strategy by creating something that is perceived industrywide as unique and valued by customers which can be in form of brand image, differentiated customer service, technology or an elaborate dealer network establishment.
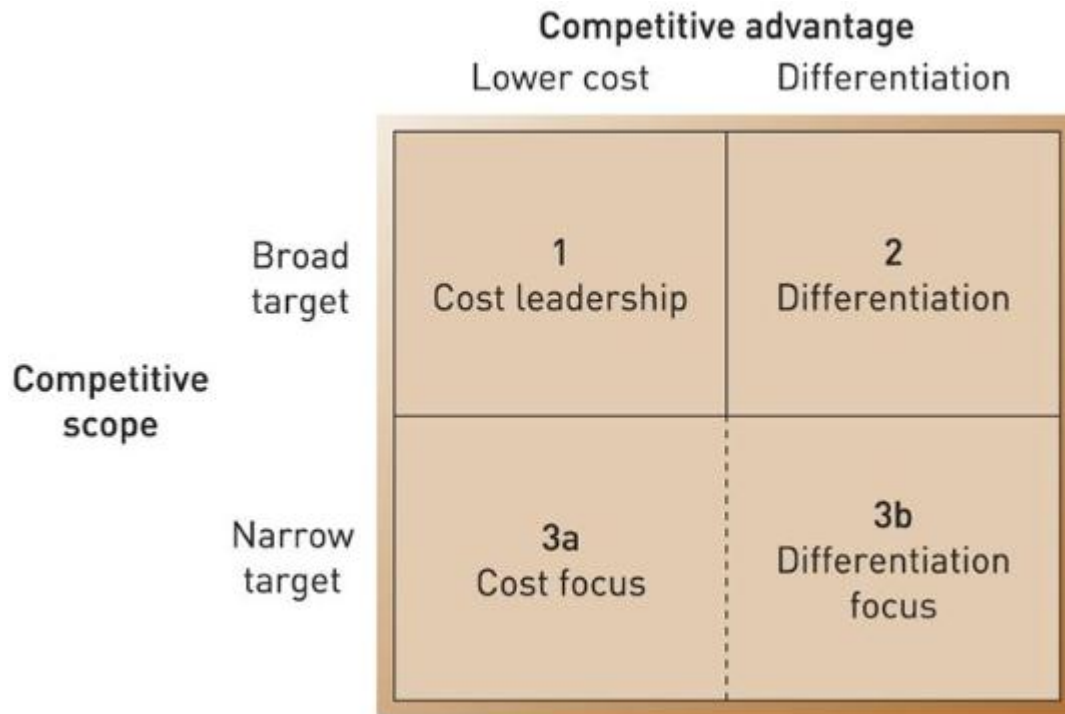
Figure 2.3: Three Generic Strategies

Source: Competitive Strategy Techniques for Analyzing Industries and Competitors by Michael E. Porter, 1980.

In conclusion, to come up with sustainable competitive advantage, organizations have to engage in strategic change initiatives that can assure not only success in the short term but also in the long run. Without employing best practices in Strategic change initiatives, a firms endeavor to reengineer itself be it in terms of offering exemplary customer service through incorporating an intrapreneurship culture or even by entering into mergers, an organizations change initiatives will always be met by staggering failure statistics.

2.5 Empirical Studies and Knowledge Gaps

Several studies on change management have been done both internationally and in Kenya. Odundo, R. (2007) carried a case study on change management practices adopted by Kenya Revenue Authority. The study found out that KRA had implemented a change program that entailed restructuring of departments in order to centralize a number of key operational areas as well as the need to improve on efficiency.

A case study on Change management practices in Equity bank by Irungu (2017) found out that leaders are in charge of setting the change context in an organization. The study further found out that fruitful organization change is anchored on courageous and a learned change administration by visionary pioneers.

Musau (2012) undertook case study on Change management at Safaricom Ltd with an objective of identifying the approaches taken as well as challenges encountered. The study enumerated the key factors essential for a successful change program as well as the challenges encountered. Nzuki, R. (2016) carried out a case study on Strategic change management practices adopted by Barclays bank and the findings were that Barclays bank engaged stakeholders who were in one way or the other affected by the change.

On the international front, Maryam and Ayham carried out case studies on three telecommunication companies in the West Bank and Gaza regions of Palestine on change management in the telecommunication industry. The study found out that there is lack of participation of the stakeholders. In addition the study found out that there was resistance from the employees.

On their part, Bashir and Afzal did a paper on ethics based change management model and found out whereas change theories and concepts are appreciated, there is need to incorporate the ethics in the change initiatives. Muo, I.K. (2013) carried out a survey on identifying and minimizing risks in the change management process in the Nigerian Banking industry. The study found out that it is important for an organization to be aware of the risks and more so to give attention to people issues and take note of early warning signs in the change management process.

Whereas the above studies have been carried out on change management, an in depth study has not been carried out on Strategic change management practices in Safaricom PLC and the implications of such practices on the competitive advantage of the firm. There is therefore need to carry out a study on the Strategic change management practices adopted by Safaricom PLC and the contributions of such practices to the competitive advantage that the firm enjoys.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines in detail the methodology of research which was used during the study. A justification of the method selected under each methodology is also provided. The research objective outlined in chapter one guided the research methodology.

Research design and tools that were used in collecting data are also described in this chapter. In addition, this chapter outlines the data collection method. Furthermore a justification of the data collection method adopted is given and the type of data collected that is either primary or secondary data.

Finally the chapter gives an insight of the data analysis methods and tools which were used during the study. The final part of the chapter gives an overview of the data analysis method and tools which were used in the course of the study. A justification of the data analysis method chosen is also given.

3.2 Research Design

According to Hussey & Hussey (1997), research design is the overall approach to the research process from the theoretical underpinning to the collection and analysis of data. A case study approach was employed in this study. A case study is a detailed intensive study of a unit, such as a corporation or a corporate division that stresses factors contributing to its success or failure.

A case study method lays emphasis on deeper rather than broader aspects of a given study and entails full analysis of the limited number of conditions or events and other relations. It involves a careful and complete observation of social units. By using a case study method a more in depth study can be carried out.

There are several reasons as to why a case study was preferred. At the onset, it allows more details to be obtained as compared to other research design and the data is normally a lot richer. Hence since only one organization (Safaricom PLC) is involved as well as the need for an in-depth and comprehensive study, a case study approach was undertaken

3.3 Data Collection

A great emphasis in this study is primary data. This was collected using a comprehensive interview guide divided into two parts. The first part dealt with issues to do with strategic change management practices while the second part addresses the competitive advantage brought about by the identified Strategic change management practices.

In addition, the interview guide had an unstructured (open ended) questions to elicit information from interviewees on matters relating strategic change management and competitive advantage. Data sources involved both primary and secondary. This provided a rich data source for the study.

The target interviewees comprising sources of primary data was directors in the following divisions; Director Strategy & Innovation, Director Enterprise Business Unit, Director Technology division as well as director Consumer Business unit Division. The secondary source of data was Safaricom Limited website, Library databases, Communication authority of Kenya website as well as Competition authority of Kenya.

3.4 Data analysis

Data analysis was done by editing the interview guides for completeness and consistency. The collected qualitative data was analyzed using content analysis method thus allowing making of replicable and valid inferences. By so doing themes captured during the interview guide can be picked. The choice of content analysis allows the researcher to go through common themes captured during data collection.

Content analysis involves evaluating qualitative data and allows such to be converted into quantitative data. Nachmias and Nachmias (1996) assert that analysis technique identifies the distinctive features of data to make accurate conclusions based on the similarity of trends involved. Thus data analysis made use of phrases and particular words to extract information from statements made by respondents. By doing content analysis, inherent themes captured during data collection can be analyzed and relations can be attributed to a given variable say competitive advantage.

Data obtained from the respondents was transcribed and thereafter inferences made from the summary and conclusions made. The transcription involves the conversion of the information obtained from the interview verbally by writing it down keenly noting the themes that were addressed during the interview. Through content analysis technique a general statement on how themes of data or categories are related to each other was done. This then followed with a comparison between the literature review for any consistencies or inconsistencies.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents data analysis as well as findings in relation to the laid out research objective. The study was designed to establish Strategic change management practices and competitive advantage of Safaricom Plc. Data analyzed herein was constituted by use of interview guide and analyzed by content analysis technique. The interview guide contained four sections containing general information of the interviewee, sections on Strategic change management practices and the last section on Competitive advantage.

The research targeted four directors in Safaricom Plc namely Director Technology, Director Consumer Business Unit, Director Enterprise Business unit and Director Strategy and innovation. All the targeted respondents were interviewed through the Head of departments in the various divisions outlined. The response rate was attributed to the researcher's effort to book interview appointments bearing in mind the interviewee's schedule as well as constant follow up. The analysis in this chapter is done according to the themes in the questionnaire.

Further this chapter provides a discussion of results and what those results means. The results are discussed in the context of how they fit into the existing body of knowledge and whether they are consistent with the theories earlier mentioned in literature review. Insights from these results are also given in this chapter with a view to provide a comprehensive presentation of the results.

4.2 Strategic Change Management Practices

The study sought to identify practices adopted to manage Strategic change in Safaricom PLC. The respondents were asked to identify Strategic changes they have been involved in either formulation , implementation and execution and the practices applied in order to ensure the strategic change was successful. The respondents identified a number of Strategic change management practices employed in Safaricom Plc.

In addition, the respondents were also asked to mention any learning they have had from the different strategic changes they have been part of. An inquiry on what contribution strategic change management practices have had on the competitive advantage of Safaricom Plc was put across. Further the respondents were asked to identify any change management model they have used and what specific actions it entailed.

These include: Strategic planning and establishing a vision, strategic leadership, Stakeholder management and Resistance management. In addition, open Communication, Creating infrastructure to support adoption and Strategic change evaluation were also listed as actively employed practices. The concept of learning organization was also widely mentioned especially in addressing inefficiencies in previous Strategic changes which either didn't meet the target goal or fairly dismal performance. The practices are discussed herein to explain how each of the strategic practice was used by the organization under study.

4.2.1 Strategic Planning and Establishing a Vision

The study found out Safaricom Plc at the fore front of any strategic change is involved in establishing a vision of what needs to be achieved by undertaking the strategic change. This is done guided by the overall purpose of transforming lives to address the three strategic pillars as envisioned by Safaricom Plc that is customers first, relevant products and services and operational excellence. The need to establish a vision is underpinned by the acceptance of the idea that a strategic change should have a purpose with which the stakeholders can identify with.

The interviewees when asked to mention practices that the organization is involved in at the initial stage of any strategic change, they pointed out that establishing the vision is a key practice. This helps the organization to establish whether indeed the strategic change aligns with overall firm purpose of transforming lives. In addition, the respondents pointed out the need for the vision to be clear, simple and unambiguous.

In addition, the respondents mentioned that key to achieving competitive advantage is getting out of the office and establishing what the customer needs. The respondents added that as a result of changing customer needs, there is need to ensure what the firm chooses not only meets the need but also ensure that there is a market in the need that is if the solution is scalable. In this regard, products and services targeted for the Consumer market would also find a scalable way with a bit of variation to the enterprise customers. This enables use of shared infrastructure while enhancing customer satisfaction.

4.2.2 Strategic Leadership

The study found out from the interviewees that at the core of successful Strategic change is a clear strategic leadership that clearly outlines where "we are going" and why we are going there. The study established the need for strategic leadership in acting as the executive sponsor of the strategic change. Strategic leadership was cited as key in maintain commitment to the vision through repetition and focusing on the benefits of the change. Further, the respondents highlighted the need to manage towards the vision while using the vision as a criteria for decision making.

Strategic leadership was also pointed as key in communicating the vision repeatedly to stakeholders as well as in establishing avenues for rewarding progress in the desired direction of the strategic change. The study established that without effective strategic leadership, strategic changes happen with very little chances of success. By repeatedly conveying the need for change, strategic leaders as mentioned by the respondents inspire a sense of oneness by walking the talk.

The respondents also highlighted the role of strategic leadership in shaping the formation of the vision and mission. Thus strategic leaders are at the fore front of strategy formulation and facilitating in strategy implementation. The respondents mentioned that without strategic leaders who are able to have a system perspective, organizations are bound to caught up in an endless red ocean struggle in rescinding markets and eventually the firm's survival is at risk.

4.2.3 Stakeholder Analysis and Management

The study found out that Safaricom Plc was carrying out stakeholder analysis and Management any time a strategic change is conducted. This would range from internal stakeholders as well as external stakeholders. From the respondent it was evident that a key undertaking was carrying out stakeholder analysis with a clear realization that stakeholders come in form of individuals or as groups of individuals. The study found out the emphasis Safaricom Plc puts on in involving people having realizing the need for people involvement in successful strategic change programs.

In addition, it was found out that stakeholder analysis involves establishing their power and interest and consequently the action point. For instance when Safaricom decided to enter into the Home fiber market, some of the stakeholders identified externally were landlords of the various properties which were targeted as well as tenants therein. Initially there was opposition from landlords as they didn't want infrastructure disruption. However since it was established that Home fiber was indeed a need from the tenant perspective, it was decided that the tenants had a say in where exactly they wanted to live and what amenities should be provided. Thus by establishing the interest and power of the different stakeholders, Safaricom Plc was able to map and know whom to target.

It was established from the respondents that there is a great need to correctly identify and to constantly keep on the analysis since stakeholder position is not constant but keeps on changing. By so doing, issues like resistance to change can be addressed by understanding where the stakeholders lie. The list of stakeholders shared by respondents include customers, employees, board of directors, government as well as suppliers.

4.2.4 Resistance management

Resistance management was identified as one of the Strategic change management practices that Safaricom Plc employs. It was noted from the interviews that resistance usually takes the form of delays in strategic change processes as well as failure of formulation of supportive infrastructure to support strategic changes. The reasons for resistance was either noted to be systematic pointing to the organizational resistance caused by factors like organization design, organization culture, resource limitations, the presence of fixed investments as well as inter-organizational agreements on partnerships which tie an organization to agreed terms.

For example on fixed investments, strategic changes to adopt Fixed LTE would meet some resistance as a result of the huge investment done on Fixed Wimax. In addition, whereas a times its noted there is a need to move from one vendor solution to another based either on higher vendor support cost or vendor inefficiency, there is always resistance to change from some quarters owing to the already laid down investment in terms of network rollout as well as the trained skill force.

In addition to systematic resistance, the respondents also noted resistance that is behavioral in nature which arises from employees and managers of other departments. This arises where questions of "what is in it for me" are encountered. From the respondents, Safaricom Plc addresses the two forms of resistance in various ways. On the systematic resistance, Safaricom Plc addresses it by ensuring strategic changes are well planned and that the time duration is adequate enough. This allows for proper resourcing of teams to effect changes.

In addition, Systematic resistance arising from organizational design are addressed by carrying out structural changes and reporting matrix. For example, when Safaricom Plc was venturing into Home fiber, the systematic resistance that was noted was addressed by establishing a Home Solutions team in Consumer Business unit and at the same time establishing Home Support within Technology division as well as Customer Operations to have dedicated support. Another avenue in which Systematic resistance has been addressed in Safaricom Plc is by incorporating a culture of continuous training of all levels of employees on where the industry is heading to and also enlightening the employees n important aspect to look at for in determining a worthy venture to pursue. By up skilling the teams and especially top management, areas that would have been hitherto contentious are ironed out.

As far as Behavioral resistance is concerned, the respondents pointed out such resistance is addressed by carefully analyzing the reasons for the resistance. The reasons are many and varied. They include parochial self-interest, misunderstanding, threat to Job security competing commitments as well as low tolerance to change. These reasons for resistance are addressed by carrying out a complete end to end stakeholder analysis and establishing where the stakeholders lie.

For example on the threat on job security is concerned, a series of sensitizations meetings and strategy cascade are carried out company-wide as well as strategy cascades at divisional and departmental levels. This helps clearly outline where the company is and why it intends to make a strategic change. This is then followed by a series of training in cohorts which ensures continuity and service delivery is not hampered. With the training comes confidence and better reception of the need for change.

Overall, resistance to change is addressed using a number of techniques. These include: education and commitment especially where there is lack of information or inaccurate information and analysis. For example, Safaricom is positioning itself as a digital telco. In this regard, Technology division took the lead to ensure it provides an agile network that allows easier provisioning and the ability to respond to customer requests without the traditional, bureaucracy filled processes. This called for adoption of new skills. Since the information was not clear on how this needs to be done, constant education and communication was done.

Other ways to counter resistance especially in the digital telco evolution is involved is through participation and involvement. This was done through small committees where a representative or two were picked from each time and a series of brain storming sessions were held with an aim of establishing what the ideal picture of a well-oiled organization looks like. The respondents affirmed that through these committees, a sense of ownership was ingrained as well as presence of members within each team who can report progress in every process of what the Strategic change is all about and its implications.

4.2.5 Communicating frequently and openly

The respondents identified communication as one of the key practices employed in Strategic change management. Any strategic change envisioned is communicated to stakeholders both internal and external. The respondents put across key areas that is conveyed in any communication. This includes details of what the change entails and why. This answers the question of why do we need the change in the first place.

Secondly, the communication entails a clear plan of what will be done and when with clearly stated timelines. In addition, the change outlines as got from the respondents what gains the stakeholders stand to get as a result of the strategic change. With this information that spells out areas of win-win, a buy-in from stakeholders is obtained. Finally the respondents adduced to the need to include in the change communication plan, details either at high level or level of how you intend to carry out the strategic change. The respondents added that communication is normally done using Newsletters, company intranet, Daily staff notifications,"kaa chonjo" SMS which entails SMS broadcasts to staff on happenings in the organization as well as timelines in addition to strategy cascades through town halls.

The respondents emphasized the key functions that communication serves in Strategic change management and hence why it's a key practice. It was noted from the interviewees that communication servers to elicit participation and particular actions from stakeholders and essentially this helps the management to gauge the level of early adoption of the change. In addition, the respondents highlighted the importance of communication as a way of providing social support in order to address concerns, alleviate any fear as well as coming up with support systems among employees.

For example, within technology, in the Digital Telco transformation journey, the respondent adduced to the fact that there was very little resistance experienced owing to the fact that communication to stakeholders was done before, during and even after the official launch. This approach helped to get a sense of ownership as well as allaying any fears of possible retrenchment due to the need for digital skills that can move the company forward.

In addition there was a continuous update on what was going on as far as the digital transformation was going on. This entailed details on the establishment of a digital academy meant to train Engineers in cohorts through a dedicated six month program on digital skills like cloud computing, python coding and scripting as well as on databases. The continuous update ensured the teams were updated and there was very little room to guess what might be going on as far as the change was concerned.

Finally on communication, the respondents spelled out its key role in ensuring there is an end to end conveyance of vision, goals and the motivations for change. Through such, proper alignment of roles as well as the need to change organization structure to aid in supporting change was not only evident but widely supported with clear gains put on the table.

This allowed further look at processes and their contribution to efficiency or any hindrance and further taking corrective action. Respondents pointed out such alignment as only possible through clearly established communication channels that the firm under study employed. The respondents added that this communication is two way; from either the line managers and those below them and vice versa. An addition on the same is a forum of "Sema na CEO" which enables staff to anonymously engage with the CEO on matters they feel are key and which require his input.

4.2.6 Creating infrastructure to support adoption

The respondents noted that a key reason that most strategic changes flop is failure to create infrastructure that can support the adoption of the new desired level. This ends up being an hindrance to delivery of key outcomes. In addition, the respondents pointed out the fact that one of the things required any time an organization desires a change is to alter organizational norms, behavior and culture in order to be ready for the change. To change organization culture was noted as a process that requires patience but whose outcome can enable the organization have a "well-oiled coordinated network " of resources that can deliver on organizational goals.

On the same vein of creating an infrastructure that can support adoption of the change, the respondents pointed out that training plays a critical role in helping stakeholders to familiarize themselves with what the change entails and how it applies to their work. Through such trainings, employees get a solid understanding of how their behavior should be , what the intended benefit to the organization the change bring forth as well as the skills required to midwife the strategic change.

On the same vein on infrastructure support, the respondents emphasized on the need to have committed resources for a change over the long term. From experience, the respondents observed that anything that you can't point out exactly who is responsible ends up not being done or being done in a manner of just doing it to tick a check list. Thus the need to look at policies, procedures, systems as well as organizational structure in order to deliver on the intended strategic change.

4.2.7 Strategic Change Monitoring and Evaluation

The study found out that Monitoring and evaluation is one of the practices carried out in strategic change management. This is done to measure the progress made based on the expected targets. To ensure that this evaluation is cascaded down to those responsible, the respondents noted that deliverables would be broken down to different teams who are supposed to work together to produce the desired change. For example, with entry of Safaricom to the Home fiber market, targets were defined for each team in six months, from CBU setting up a home solutions team to technology setting up a dedicated Home Support team.

In addition the respondents stressed the importance of not only carrying a strategic change but also ensuring proper tools are used to ensure organization is on track. Benefits mentioned of carrying out strategic monitoring and evaluation is the fact that it helps confirm that what is being done is in accordance with the plan. It also helps confirm that the results are in line with the objectives. Some of the tools highlighted include use of balanced score card to measure the business performance in four areas that is customer, financial, internal business processes as well as from learning and growth perspective.

The respondents further added that Strategic change monitoring and evaluation requires definition of what good looks like. They stressed the importance of clearly identifying the metrics which can be used to measure success. With monitoring and evaluation, a feedback that can inform the direction further to be taken by the organization can be obtained. This helps further improve the performance of the organization. The respondents further added strategic monitoring helps you the leadership to communicate, motivate and manage.

4.3 Competitive Advantage of Safaricom Plc

This study sought to establish how the adopted strategic change management practices have contributed to competitive advantage of Safaricom Plc. The different indicators as discussed by the respondents point out the specific metrics on which competitive advantage is portrayed as a result of the Strategic change management practices.

The respondents pointed that Safaricom Plc has been able to achieve a competitive advantage against its customers as result of carrying out strategic changes addressing either the processes, people or venturing into new lines of business. The interviewees noted that its not the presence of strategy that has enabled the firm to get such a competitive edge but rather the application of best practices in steering the organization through a myriad of changes that has seen it whether off storms.

Some of the competitive advantage pointers raised by the respondents include market share, competitive product cost, Net income as well as non-financial indicators in terms of employee growth and overall customer satisfaction measured in form of NPS.

On market share the respondents noted that Safaricom has been able to get a big market share amongst the competitors in the Kenyan market. According to secondary data from CA for Quarter three 2017-2018, Safaricom commands a leading 67 % of market share(pre-paid subscriptions) way ahead of the other competitors. This translates to 29 million customers. This, the respondents noted was as a result of continuously seeking avenues to address customer needs be it in terms of pricing as well as ensuring network availability.
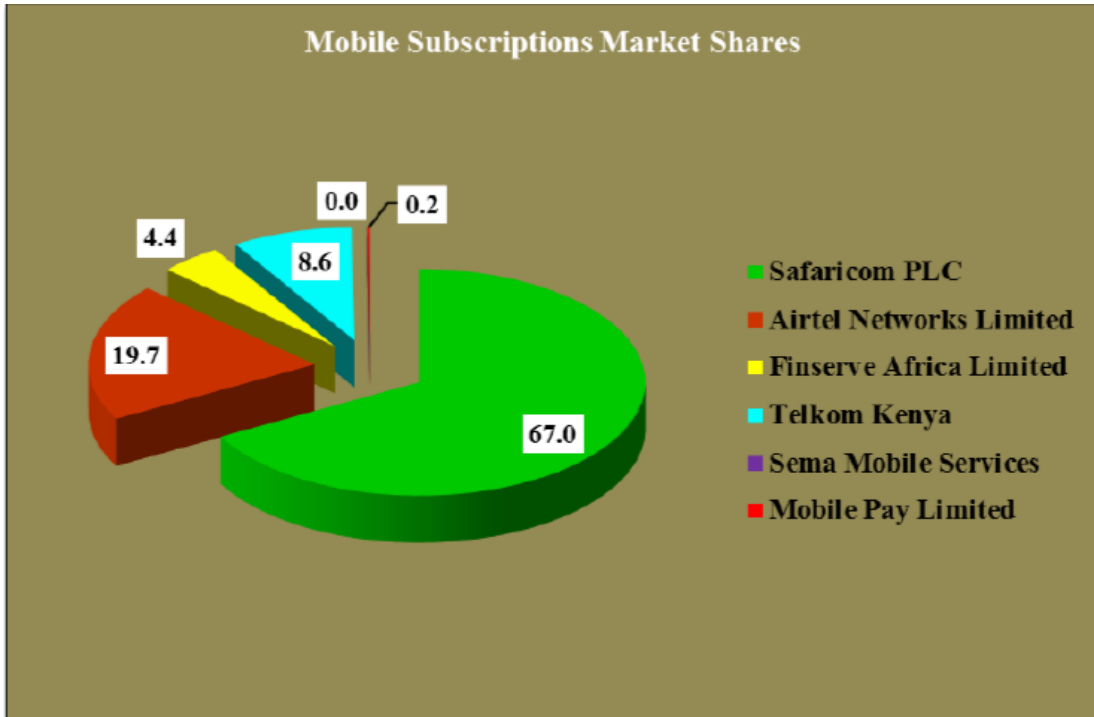
Figure 4.1: Market Share for Mobile Subscriptions Per Operator

Source: Safaricom Plc FY18 Results

On the mobile money services front, the respondents pointed out that Safaricom continuously scans the external environment to pick up changes as well as customer needs and subsequently moving on to look at the capabilities it has to deliver the solutions the customer wants. Further to this exercise, the respondents put across some of the challenges that this realization may bring where either the organization doesn't have the skill internally or the skill is available in the market but is expensive. In most case, where a scalable need is noted, Safaricom either proceeds to procure the services of a vendor and at times choosing to develop the skill in house. These decisions point to massive investment and the manner in which they are done points to either their success or failure.

Table 4.1: Mobile Money Transfer Service

Operator /Indicator	Agents	Active Subscriptions	No. of Transactions	Value of Transactions (Kshs)	No. of M-Commerce Transactions	Value of M-Commerce Transactions (Ksh.)	P2P Transfers (Ksh.)
M-Pesa	156,534	23,647,293	531,295,394	1,480,556,965,000	394,236,529	998,044,535,200	538,160,441
Airtel Money	31,240	3,390,275	3,411,562	1,882,921,436	2,671,075	3,981,214,600	1,275,216,663
Equitel Money		1,944,231	128,618,340	389,370,853,200	77,616,789	290,293,097,300	114,199,180,800
T-Kash*	8,343	34,149	2,226	8,144,784	17,348	1,715,573	729,255
Mobile Pay	6,127	90,442	404,020	971,850,414	-	-	766,532,592
Total	202,244	29,106,390	663,731,542	1,872,790,734,834	474,541,741	1,292,320,562,673	116,779,819,751

Source : Safaricom Plc FY18 Results

On time to market, the study found out Safaricom is able to deploy services with exceptional speeds. This is a result of investment in supportive infrastructure. For example on the network front, specifically Data center, Safaricom is investing in Cisco ACI fabric that allows faster service provision. This has given the firm a competitive edge in cloud provision services serving government and large enterprises.

4.4 Discussion of Results

From the study, it was observed that Safaricom Plc has adopted a number of Strategic change management practices in its endeavor to transition from a mere strategic proposition to a realized benefit of attaining the goals set in their strategy. Through the application of the strategic change management practices, Safaricom Plc has been able to have a large market share, fast time to market as well as quality products and services. These practices include adopting a learning organization model, establishing vision and strategic planning, strategic leadership, communication of strategic changes as well as Stakeholder analysis and management.

From the study, it was found out Safaricom has embraced the learning organization concept. When dealing with any strategic change, Safaricom continuously applies learning from past changes in order to improve the chances of success. These findings are in tandem with those of Senge (1990) who argues out that strategic change does not happen suddenly but rather it is adopted by organizations which are continuously seeking for it. Safaricom Plc has done this by expanding their ability to create the results that they envision. The new capacities so achieved are perpetually nurtured and in turn creates an organization culture where learning is embraced.

By continuously learning and experimenting, firms can renew themselves to new levels. A learning organization uses learning, experimentation and communication to renew itself constantly and in the process they improve their capability to change in a particular desired manner to achieve better results.

From the findings of the study, the prior laying out of a vision and Strategic planning comes out strongly as advanced by Kotter (1995). According to Kotter,(1995), without establishing a vision and clearly outlining a sense of urgency, people won't give that extra effort that is often essential. Instead they will cling to status quo and resist any initiative from above. At the fore front of any Strategic change, Safaricom Plc sets to clearly define the vision for the change, what is going to be achieved by taking the journey from current position to the new desired level. This is seen in the conscious decision undertaken to address inefficiencies brought about by silo-mentality and instead choosing to focus on creating a culture that is collaboration-rich.

From the findings, its also highly pronounced that Safaricom Plc applies strategic leadership to drive strategic changes. This is supported by Kotter & Posner(2007) who assert that to drive any strategic change, organizations should employ strategic leadership to influence others on the need to embark on transformative journey. According to Kouzes & Posner (2007) leadership entails influencing one person to take an initiative to achieve a desired goal or tasks. Strategic leadership is ability to inspire and drive action towards achievement of a number of shared goals. Strategic leaders steer an organization towards a particular direction by timely utilizing the information obtained from analyzing the environment and carrying out scenario planning to establish how different the future might be.

In addition Kotter (1995) asserts that leadership is the engine that drives change. Leaders With proper change leadership, the prospects of successful change implementation is enhanced. Hence to successfully engineer a strategic change, a large number the top leadership should be committed. This is brought out at the fore by the many scenarios where strategic changes had an executive sponsor and who would make it a goal to continuously influence Safaricom Plc stakeholders to commit to the journey. For example, in the case of transformation to Digital Telco, the Director Technology has continuously been at the forefront leading on the need to adopt the transformation and what it means to the organization. Further, the study brings to the core the importance of communicating the vision so identified. This is in tandem with Kotter (2008) who observes that the real power of a change vision is realized if those involved in the change have a common understanding. The common understanding is achieved through a series of efforts to disseminate the information to the various stakeholders.

Strategic change initiatives which have limited or no communication are bound to fail. With such change initiatives, there is no free flow of information the various stakeholders on how the change will affect them either in the current position or in their new positions as a result of the change initiative. Communication at Safaricom Plc during any strategic change is done before, during and even after the change to provide update on the progress of the change.

Finally the study also brings to the fore front an argument by Johnson & Scholes (2002) on the importance of carrying out Stakeholder analysis and management. Stakeholders define the political context of organizational strategy implementation. In the case of Safaricom, they include organization staff, both management and non-management, shareholders, customers, government as well as suppliers. The researcher found out that Stakeholder analysis and management helps map out who is where and how they should be addressed in order to ensure strategic change initiative success. Safaricom Plc has continuously engaged the Kenyan government on matters taxation to ensure the core mandate of transforming lives is successful in an endeavor to bring on financial inclusion.

In comparison with theories, the researcher established that the concept of organization learning as leading to generation of new knowledge of doing thing is highly practiced in Safaricom Plc and contributing to improved ways of service delivery. The new know-how so obtained is dynamic and constantly reviewed against its operating environment to seek more efficient ways. This is in agreement with Teece et al (1997) who asserts that dynamic capabilities have a direct effect on organization performance and competitive advantage.

In addition, Safaricom Plc is seen from the study to be deploying resources, usually in combination and while encapsulating explicit processes and elements such as know-how and leadership. Strategic change leadership is seen as practiced from top leadership in change sponsorship while agile processes to achieve faster time to market are continuously sought. This is a view that Teece et al (1997) asserts in Dynamic capabilities theory.

The study also brings to the core assertion by Lewin on the three steps model which includes unfreezing previous behavior, changing and refreezing the new patterns. The study depicts specific actions taken to do away with old behavior of silo-mentality in Safaricom in agreement with Bamford & Forrester (2003s). In addition with that seen to be getting out of way, Safaricom Plc from the study is observed to have taken conscious decision to bring in change in form of collaboration which Is further cemented by embracing steps that reward such actions both formally through recognition as well as informally.

CHAPTER FIVE: SUMMARY AND CONCLUSION

5.1 Introduction

This chapter relates the findings of the study to the objective of the study which was to establish strategic change management practices adopted by Safaricom Plc and their contribution to the firm's competitive advantage. It highlights the researcher's summary as adduced from the foregoing chapters describing the whole study. It further gives a highlight on suggested study areas.

In addition, this chapter deals with conclusion of the study by noting what the researcher arrives at as the contribution of Strategic change management practices and their application in Safaricom Plc to enhance competitive advantage. This conclusion section further adds the researcher's conclusion on the need for strategy evaluation and monitoring. The need for not only coming up with a strategy but also going forward to incorporate action is provided in this chapter.

Finally this chapter gives implications this study would have on a number of areas. These include policy, practice and theory. The contribution of this study to the above mentioned areas is given. Furthermore, this chapter gives study limitation either from the researcher's end or from the nature of the study and organization under study. Suggestions for further study make the final part of this chapter.

5.2 Summary

The objective of the study was to establish Strategic Change Management practices and competitive advantage of Safaricom Plc. The analysis of the findings has therefore been made within the context of this research objective. The research found out that Safaricom Plc is applying a number of practices in Strategic change management. The study found a number of practices which Safaricom Plc is applying. These include Strategic planning and establishing a vision, strategic leadership, Stakeholder management, Resistance management, communicating frequently and openly, Creating infrastructure to support adoption and Strategic change evaluation

From the interviews conducted the study also found out a correlation between the strategy that Safaricom plc has and the responses that the respondents gave as far as what makes the organization to command a competitive position. The study established that while its one thing to come up with a good strategy, its another thing to employ resources and capabilities and apply best practices in moving the organization from one level to the desired level.

The study established the need for an organization to establish a vision of where it wants to be, have a set of skilled leadership team who can influence the other players while communicating what the vision means and what everyone stands to gain in order to get a buy in. Further it was noted that while doing all the above is paramount, failing to have a yard stick on which progress against target is bound to render inefficiency, hence the need for monitoring and evaluation.

5.3 Conclusion

The researcher concludes that with the aforementioned strategic change management practices and their significance of ensuring that the strategy Safaricom Plc has is translated into real results in a sustainable manner. In addition, the strategic change management practices addresses a number of areas from people, processes, platforms as well as the need to put across propositions that customers can identify with.

The findings further observed that the process of ensuring a lasting sustainable change is achieved starts with a solid definition of where the organization wants to go.

In addition, the study notes the importance of adopting a learning organization and failing forward. From the study, its evident a number of strategic change management programs were successful while others didn't yield the expected results or the pace was too slow. The study found out the need to learn and fail forward and the role that a learning culture plays in ensuring a continuous improvement is adopted as a culture. The study further observed the need to build strategic change programs around people, ensuring that they are equipped with right tools and skills in order to deliver the strategic change. At the center of any successful strategic change is a well-coordinated team working in collaboration to achieve the desired goal.

Finally the study noted that competitive advantage is a continuous journey .Organizations have to continuously scan their external environment, note any change in trends in terms of customer needs and further looking inwards to assess the kind of capabilities it has in order to exploit the opportunities so availed. To do so, an array of dynamic capabilities will need to be employed in order to ensure that a firm's competitiveness is pursued.

5.4 Implications of the Study

The study has a number of implication to a number of areas from theory, practice and policy. To scholars, this study contributes to knowledge creation by linking the connection between the strategic change management practices adopted in strategic change and their consequent contribution to competitive advantage. Its brings to the core the need for organizations to possess dynamic capabilities which can be harnessed to understand external and internal trends and crafting of strategies which can be applied to ensure long term success. These strategies can achieve the intended goal if proper coordination of all the players is done by applying best practices in strategic change management. With the findings of this study, a basis for carrying out further study can be obtained.

To the practioner, by reviewing the different practices that have been applied in strategic change management and identifying through a learning process what worked and what didn't work, the learnings from such failures can be applied to enhance future competitiveness. In this case the study was done in different divisions and there are varying stories of success and learning from Technology division, to EBU, CBU and Strategy team. By also having the team in charge of corporate strategy see from the lens of the other teams, great input on the need to devise better ways of effective support systems in strategic change implementation can be adopted. In addition, the practioner by appreciating best practices can appropriately assign resources to address particular strategic changes utilizing the available expertise.

To the policy makers this study can serve as an input on some of the limitations and challenges the firms in the industry they regulate go through. This would enable responsive policies that support growth of enterprises. For example, by noting the increasing interplay between Telcos and players in the financial sector, adaptive policies can be designed from either CA or CBK. This can help the government agencies in formulating policies that are a win-win. By so doing regulatory agencies can have insight on the impact of the policies that they enforce and which can enhance economic development as far as the contribution from the Telecommunications industry is concerned.

5.5 Limitations of the Study

The research was taken with extra care to ensure comprehensive research, analysis and documentation of findings is done. A number of challenges were experienced which had to be addressed to ensure successful study and quality work. The researcher however found innovative ways to manage any limitation experienced. Being a part time student, the researcher had to drive a balance between studies and full time engagement at work and this posed a challenge in terms of time required to conduct interview.

However, the researcher identified the best interviewees who ensured extensive data is collected during the interview period in order to understand the strategic change management practices adopted by Safaricom Plc and their contribution to competitive advantage. The researcher also faced a challenge of finding a time-fit with the interviewees who are mostly based in Nairobi and with the researcher being mobile across different regions. However, the researcher addressed this by dedicating time off work to conduct the interviews.

Lastly the researcher was also faced with the fact that competitive advantage is taken to be classified company information and hence the need to seek and wait for the necessary approvals to conduct interviews. However the necessary approvals were given by a very supportive corporate Communication team to proceed with the study. This was aided by clearly notifying the organization that non-public material information won't be published and that the study will be used for academic purposes.

5.6 Suggestions for Further Study

With the findings from the study, there is an avenue for more research on this topic either in a different time context for the same organization or a different organization. Hence the researcher recommends a similar study to be conducted but in different context such as in the Public service. This would provide an avenue for comparison between Safaricom Plc and the public service. In addition by carrying out similar study in public service, the contingency factors in application of strategic change management practices can be brought to the limelight.

Additionally further researcher should be done on Strategic change management and competitive advantage of Safaricom Plc in five years. This would address the change in context in terms of time. The implication of the prevailing regulatory environment as well as the contribution of organization learning can be adduced by carrying out such a study. Furthermore, the contribution of change in technology as well as competition could provide a good basis for further study five years later.

In addition, the researcher recommends research to be done on a similar player in the mobile telephony industry with lagging competitive advantage metrics and compare the strategic change management practices employed and the correlation to its relative position. This would shed light and bring out to the fore any contingent factors in strategic change management and contribution to competitive advantage in the firm identified in comparison with this study.

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APPENDICES

APPENDIX I: Interview Guide

PART A General Information

1. Leadership Position Director/HOD/Senior Manager

2. Type of Strategic Change

experienced…………………………………………………………………………………….

…………………………………………………………………………………………………

Part B Strategic Change Management Practices

Planning

1) What initiated the Strategic change initiative?

…………………………………………………………………………………………………

…………………………………………………………………………………………………

2) How was the planning for the strategic change

done…………………………………………………………………………………………….

…………………………………………………………………………………………………

3) Did the strategic change make us of a strategic change model? Give reasons for either

answer.

…………………………………………………………………………………………………

4) Which change model was used if any? Action Research, Kurt Lewin, John Kotter's eight

steps?

…………………………………………………………………………………………………

…………………………………………………………………………………………………

Strategic Leadership

1) Was senior management involved in developing the strategic change, communicating the change as well as evaluating the change and as result, how was the Strategic change impacted?

……………………………………………………………………………………………………

2) Was there any use of change agent in planning and implementation for the strategic change?

……………………………………………………………………………………………………

3) Who was the change agent and in which way were they involved? (If the answer to question three above is yes)……………………………………………………………

4) If the change agents were used, did their involvement prove to be of benefit to the Change initiative??

………………………………………………………………………………………………

Stakeholders

1) Did the change initiative undertake stakeholder analysis and management carried out to establish where they lie and the impact the change would have on them?

……………………………………………………………………………………………………

2 Give examples of stakeholders involved.

……………………………………………………………………………………………………

3) What preparatory efforts were made to prepare the stakeholders involved?

……………………………………………………………………………………………………

4) What was the response by stakeholders to the change initiative?.

……………………………………………………………………………………………………

Communication

1) What approach was used to communicate the strategic change to stakeholders?..

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2) What details did the communication entail?.

……………………………………………………………………………………………………

3) What was the response from the stakeholders regarding the communication?

……………………………………………………………………………………………………

Resistance Management

1. Did you face any resistance from the stakeholders?

……………………………………………………………………………………………………

……………………………………………………………………………………………………

2. How was resistance from the stakeholders addressed?

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Evaluation

1) How is the monitoring and evaluation being done/was done for the change?

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2) Mention any metric used for evaluation if any?

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3) What is the frequency of strategic change monitoring and evaluation?

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PART C: LESSONS LEARNT

Lessons Learned

1) What would you change/do different if you were to repeat the same strategic change to get the most successful outcome?

…………………………………………………………………………………………………

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…………………………………………………………………………………………………

2) What additional information would you like to add to aid in this study?

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…………………………………………………………………………………………………

Part D Competitive Advantage and Strategic Thinking

1. As a result of the strategic change initiative carried out by the organization to achieve a desired end, what was the contribution of the "new attained" state or the new state to be attained on the competitive advantage of Safaricom PLC.

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…………………………………………………………………………………………

Discuss how the following elements of strategic Thinking have contributed to Competitive advantage.

    a. Systems perspective……………………………………………….…………

    b. Thinking in time………………………………………………………………

    c. Intelligent Opportunism……………………………………………….………

    d. Intent Focus…………………………………………………………………

    e. Hypothesis Driven…………………………………………………………

APPENDIX II: Interview Introduction Letter

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 8/11/2018

TO WHOM IT MAY CONCERN

The bearer of this letter ..... JAMES UTU

Registration No..... D61/87606/2016

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

0 8 NOV 2018

PROF. JAMES M. NJIHIA
DEAN, SCHOOL OF BUSINESS

APPENDIX III: Permission to conduct interviews at Safaricom Plc

Thu 11/15/2018 11:02 AM

Wachira Kangaru

RE: Permission To Conduct Interviews for my MBA Research Project

To   James Utu

You replied to this message on 11/15/2018 11:06 AM.

James,

This is fine. As agreed please ensure that your research does not contain any material nonpublic information.

Regards,

Wachira

From: James Utu
Sent: Monday, November 12, 2018 2:44 PM
To: Wachira Kangaru <WKANGARU@Safaricom.co.ke>
Subject: Permission To Conduct Interviews for my MBA Research Project

Hi Wachira,

Am carrying out a research as part of the requirement for my MBA Program.

I would like to seek permission to carry out interviews on the research topic- Strategic Change Management Practices and Competitive advantage of Safaricom PLC.

This research will be used purely for academic purposes.

Find attached the University introductory letter.

Thanks in advance.

APPENDIX IV: Data collection confirmation letter

Prof. Z.B. Awino

School of Business

University of Nairobi

Dear, sir

REF: RESEARCH PROJECT DATA COLLECTION

This letter is to confirm that James Utu Reg no: D61/87606/2016 carried out an interview with

me as part of data collection for a research project titled "Strategic Change Management

Practices and Competitive Advantage of Safaricom Plc.

The results should be used solely for academic purposes.

Yours Sincerely

Joseph Wanjohi

Head of Department Large Enterprise and Public

Safaricom PLC

> Safaricom
> Twaweza
>
> 2 0 NOV 2018
>
> SAFARICOM BUSINESS SALES
> TEL: 4273272
> P.O. Box 66827 - 00800 NAIROBI

APPENDIX V: Statement of Income | service Revenue to Contribution margin

Statement of Income I Service Revenue to Contribution Margin

Shs Bn	FY 18	FY 17 Reported	FY 17 Normalized**	YoY% Reported	YoY% Normalized
Service Revenue	224.54	204.11	204.11	10.0%	10.0%
Handset and other revenue	8.98	8.70	8.70	3.2%	3.2%
Construction revenue	0.20	0.08	0.08	>100	>100
Total Revenue	233.72	212.89	212.89	9.8%	9.8%
Other Income	0.50	2.51	0.28	(80.1%)	79.2%
Direct costs	(70.55)	(66.78)	(66.78)	5.6%	5.6%
Construction costs	(0.20)	(0.08)	(0.08)	>100	>100
Contribution margin	163.47	148.54	146.31	10.1%	11.7%
Direct costs					
M-PESA Commissions	(19.76)	(17.75)	(17.75)	11.3%	11.3%
Airtime Commissions	(11.42)	(11.42)	(11.42)	0.0%	0.0%
Licence Fees	(9.34)	(10.18)	(10.18)	(8.3%)	(8.3%)
Interconnect & Roaming	(7.05)	(7.36)	(7.36)	(4.2%)	(4.2%)
Handset costs	(6.64)	(6.18)	(6.18)	7.4%	7.4%
Customer Acquisition and Retention	(7.32)	(7.24)	(7.24)	1.1%	1.1%
Value Added Services costs (Voice & SMS)	(5.99)	(5.70)	(5.70)	5.1%	5.1%
Bad Debts	(1.04)	(0.03)	(0.03)	>100	>100
Other	(1.99)	(0.92)	(0.92)	>100	>100
Total	(70.55)	(66.78)	(66.78)	5.6%	5.6%

*Normalised for one off in FY17

Source Safaricom FY18 Results

Appendix VI: Transforming into a digital Company

Source Safaricom FY18 Results

APPENDIX VII : Customer base increase and price reduction

Source Safaricom FY18 Results

Appendix VIII: Plagiarism Test Results

STRATEGIC CHANGE MANAGEMENT PRACTICES AND COMPETITIVE ADVANTAGE OF SAFARICOM PLC

ORIGINALITY REPORT

11%	8%	2%	9%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	Submitted to Asia Pacific International College Student Paper	1%
2	Submitted to University of Nairobi Student Paper	1%
3	202.154.59.182 Internet Source	1%
4	erepository.uonbi.ac.ke Internet Source	<1%
5	Submitted to Saint Paul University Student Paper	<1%
6	Submitted to Open Learning Centre Student Paper	<1%
7	www.accosca.org Internet Source	<1%
8	Submitted to Mesa State College Student Paper	<1%
9	Submitted to Kenyatta University	