

**STRATEGIC ISSUE MANAGEMENT PRACTICES BY MOBILE  
TELEPHONY COMPANIES OPERATING IN KENYA: A CASE  
STUDY OF SAFARICOM LTD. //**

**BY**

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Requirements for the Award of Master of Business Administration Degree,  
Department of Business Administration, School Of Business, University Of  
Nairobi**

**OCTOBER 2007**



# DECLARATION

## a) Declaration by the student

I declare that this is my original work and has not been presented for a degree in any other university.

Sign:  .....

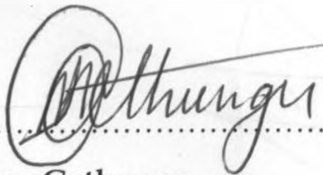
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## b) Declaration by the supervisor

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## DEDICATION

To my lovely wife Mrs. Connie Onchuru, my precious daughter Rachel Kerubo and son David Ochako, my mother Paskaria Mongina and my father Patrick Ochako

## ACKNOWLEDGEMENT

This research would not have been possible without the input of the following people to whom I am deeply indebted. First, I acknowledge my university supervisor Mr. James Gathungu who gave me focus and direction on how to go about the research.

I also acknowledge the entire staff at Safaricom Limited for taking time out of their busy schedule to give me the information that I needed. Without their support, I would not have reached this far.

I also thank my family and friends who had to put up with me during the entire research period. I was not able to be with them all the time and their encouragement has finally seen me achieve my dream.

Finally, I thank the Almighty God for the life and strength He gave me. His protection has seen me through the turbulent times.

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## **ABBREVIATIONS**

CCK	Communications Commission of Kenya
GSM	Global System for Mobile Communications
KP & TC	Kenya Posts and Telecommunications
TKL	Telecom Kenya Limited
VSAT	Very Small Aperture Terminals
KCA	Kenya Communication Act
TPSPG	Telecommunication and Postal Sector Policy Guidelines
SIM	Strategic Issue Management
SMS	Short Messaging Service

## ABSTRACT

The environment in which a firm operates is becoming increasingly turbulent and complex. Public opinion and individual norms and values have changed and society's expectations and the demands it makes to companies are now higher than before. In less than three decades, issue management has become established as a distinct discipline to add value to organizations. Strategic issue management is designed to position issues management in the strategic planning and management effort by staff and executive.

The study was designed with the aim of establishing the strategic issue management practices in the Mobile Telephony industry and to identify the factors influencing strategic issue management practices in the Mobile Telephony industry in Kenya. The study was carried out through a case study design focusing on Safaricom Limited. Eight respondents from various departments in Safaricom were asked to fill in the questionnaires which were administered by the researcher.

The study found out that strategic issue management was highly practiced in Safaricom and the organization also practices a list of key strategic issues. The study also found out that key strategic issues were prepared annually. The study also revealed that Safaricom Company do study external and internal environmental trend and also the performance trend. The company is therefore likely to respond very positively to the rapid changes in their operations.

# CHAPTER ONE: INTRODUCTION

## 1.1 Background

### 1.1.1 Strategic Issue Management

The environment in which a firm operates is becoming increasingly turbulent and complex. Public opinion and individual norms and values have changed and society's expectations and the demands it makes to companies are now higher than before (Oomens and Bosch, 1999). Strategic issue management has continued to evolve. In less than three decades, issue management has become established as a distinct discipline to add value to organizations (issue management council 2005). Strategic issue management is designed to position issues management in the strategic planning and management effort by staff and executive (Heath, 2000). It entails understanding and achieving high standards of corporate responsibility by listening to and acknowledging the soundness of key public's opinions. It thus supports strategic management by getting the firm's "house" in order, engaging in tough defence and smart offence, and monitoring opinion changes that affect public policy (Heath, 2000).

For a firm to implement its strategy in an increasingly turbulent environment, Ansoff and McDonnell (1990) have proposed three conditions that should be met: First, that the aggressiveness of the firm's strategic behavior should match the turbulence of its environment. This means that if the environment is stable, strategic aggressiveness can be based on historical facts or precedents. As one moves along the continuum of turbulence to surprising levels, the strategic aggressiveness of the firm changes to reactive, anticipatory, entrepreneurial and to being creative. This means that as the level of turbulence increases the creativity and intensiveness of the firm is inevitable. Secondly, responsiveness of the firm's capability should match the aggressiveness of its strategy. When the environment is repetitive, precedents drive the firm. This works well in a closed

system. However, when the environment is very turbulent (unforeseen), the firm should adopt an open system, that enhances embracing a total commitment to creativity. Thirdly, the components of the firm's capability must be supportive of one another. The firm's internal capabilities such as, financial base, research and development coupled with the strategic formulation process should adapt to the environmental turbulence or change. If one of the factors shifts to a higher level the rest should follow suit.

An organization does not operate in a vacuum but within an external environment, which consists of variables that form the context within which firms exist (Hunger and Wheelen, 1995). To be successful in this environment, a firm adopts an open system approach by taking an assortment of resources from the environment in form of inputs, processes them and finally delivers them back as output. The open system is made necessary by two factors:

- i. Continued organizational survival on its ability to secure rewards from the environment which replenish the resources consumed in the conversion process and
- ii. Continued maintenance by the organization of its social legitimacy (Mkamunduli, 2005)

For the modern executive to achieve desired results, it's not enough to respond by managing internal activities of the firm only but also the firm's remote environment (Pearce II and Robinson, 2003). By doing so, the firm will enhance its growth, profitability and affirm its social legitimacy. However, this may not be achieved without timely resolution of prevailing issues. Mahon and Waddock (1992), in their extensive scholarship study of "issue life cycle" (concern-problem-issue -crisis) noted that the sooner an organization starts to participate in the development of an issue, the greater the chance of positively influencing

the outcome. Passing of time reduces management choices. Such timely resolutions of issues would require real time approach. Mckenna (1977) asserted that companies should consider investing in real time systems as an essential tool to maintain their competitive edge and meeting their customer's demands. Real time systems wreck hierarchical organization by making possible instant access to activities of all types- anywhere, anytime, all the time.

Ansoff and McDonnell (1990) define strategic issues as forthcoming developments, either inside or outside of the organization that are likely to have an important impact on the ability of the enterprise to meet its objectives. They are developments or trends that emerge from an organization's internal or external environment, perceived to have the potential to affect an organization's performance (Ansoff, 1990). The issues require to be viewed from the context of strength, weakness, opportunity and threat of the enterprise (Ansoff and McDonnell 1990; 369). In fact, issue management has become established as a distinct discipline, with proven capacity to add strategic value to organizations (Issues management council, 2005).

Broadly speaking, issue management attempts to minimize surprises which accompany social and political change by serving as an early warning system for potential and environmental threats and attempts to promote more systematic and effective responses to particular issues by serving as a co-coordinating and integrating force within the corporation (Jacques, 2005).

Strategic issue management first appeared during the evolution of strategic planning. Ansoff and McDonnell (1990) noted that when strategic planning was first introduced, the expectation was that strategies would be revised annually. But experience quickly showed this to be both impractical because it is a complex exercise and unnecessary since strategy is long term.

To be able to effectively deal with the discontinuous and surprising environment, organizations should embrace strategic issue management systems to enhance their capacity to adapt and to learn (Duncan and Weiss, 1979; Hedberg 1981, Normann, 1985). Adapting implies that an organization can achieve a better alignment with its environment (Lawrence & Lorsch, 1967) while learning implies the alignment is facilitated by greater knowledge and understanding (Fiol and Lyles, 1985).

Strategic issue management systems facilitate an organization's adaptive capability in two distinctly different, yet complementary ways: First, a strategic issue management system can collect disseminate and interpret information and by so doing, identify issues that require managerial interpretation (Draft and Weick, 1984).

Strategic issue management system role in helping to solve the problem of managing equivocality, that is, differing interpretation (Weick, 1979) or reducing uncertainty (Thompson, 1967). It also requires that an organization deal effectively with resource dependencies Pfeffer & Salancik, (1978) and pressures for accountability (Tetlock, 1985). Ansoff and McDonnell (1990) further concluded that at high turbulence levels it becomes necessary to start the firms' response while the environment signals are still weak. This can be achieved if firms can implant systems that can detect, analyze and respond to these changes.

Heath (1986) mentioned that the proponents of strategic issue management assert as unique in the following ways: It is proactive rather than reactive, it allows companies to intercept problems at an early stage and it requires application of substantial empirical, qualitative and quantitative analyses to solve corporate planning problems. This therefore means that managers must depart from the planned change practices and adopt real-time systems. Real time strategic response is based on the appreciation that the periodic systems of

managing organizations may no longer be capable of perceiving and responding to the threats and opportunities in a highly turbulent environment. The nature of strategic response of the firm enables it to reduce adverse effect or make the firm miss an opportunity. For the purpose of this study, strategic issue management is therefore, how to create the conditions that make proactive change a natural way of life (Kanter, 1997). The firm should therefore be able to anticipate, create and respond effectively to changes in the external and internal environment to increase profit potential.

### **1.1.2 Safaricom Company Limited**

Safaricom is the leading mobile phone operator in Kenya. It was formed in 1997 as a fully owned subsidiary of Telkom Kenya. In May 2000, Vodafone group plc, the world's largest Telecommunication company acquired a 40% stake and management responsibility for the company. Safaricom's aim is to remain the leading Mobile Network Operator in Kenya. With the growing subscriber base, the company has employed over 1000 employees and opened 10 retail shops in Nairobi, Mombasa, Nakuru and Kisumu. The firm has a wide dealer network of over 152 dealers countrywide. The company has developed a broad of services to meet the needs of the over 6 million subscribers. The increasing number of subscribers has had a positive influence on the company's profitability. The company's turnover rose from US\$280 million in 2004-2005 to US\$704 million in 2006-2007.

Despite the growing competition from Celtel Kenya and the expected entry of Econet Wireless, Safaricom has attained a 6.1 million subscriber base by March 2007. The firm also managed to successfully integrate a new Intelligent Network (IN) platform on the network as part of its strategy to ensure its continued growth. The installation of the new IN platform by a Chinese network systems provider Huawei Technologies has made Safaricom the most advanced network within the region featuring 2.5G capabilities.



The rapid growth of Safaricom (Kenya) as a mobile phone service provider has acted as a major catalyst in looking at its strategic issue management practices. The services sector is increasingly becoming a dominant force in the world economy and therefore deserves as much attention. There is a pressing need to elaborate on the specific applications of the strategic issue management practices employed by Safaricom in the face of growing competition.

In the modern world of globalization, Safaricom has been able to keep pace with the global mobile telecommunication scenario by having strategic business associations; associations which add value to the global mobile telecommunication initiatives and which help in meeting the dynamic challenges of the modern mobile telecommunication world. Safaricom's strategic association with the world leaders in mobile telephony has created a niche in the Kenyan Market today. The technological and marketing savvy of its UK shareholder Vodafone has also been behind a range of Safaricom's astute technological and marketing choices.

These include its early decision to focus on pre-paid customers and charge for calls by the second, an ideal strategy in Kenya's low-income market. Another example is its innovative targeted programmes such as 'Simu Ya Jamii' which provides phones for villages whose residents cannot afford personal handsets, and its 'SMS Sokoni' service, which provide daily agricultural commodity prices by text. The company also played a leading role in establishing the East African regional phone network that eliminated roaming charges for Safaricom customers for calls to neighboring networks MTN Uganda and Vodacom Tanzania , a response to its rival Celtel's decision to eliminate roaming charges on its regional network.

Safaricom has also won praise for its M-Pesa money transfer system which enables mobile phone users to exchange payments for goods and services

without recourse to the banking system. Launched in March, the scheme had 150,000 customers in June, with 2,500 new users signing up each day. Safaricom expects 1 million customers to be using the service by end of the year. At the same time the company has also kept pace with the niche demands of higher income users, for example targeting the business community with its blackberry wireless voice and data services.

**Table 1: Safaricom statistics**

	2004-2005	2005-2006	2006-2007
Subscribers (m)	1.5	3.9	6.1
Revenues (US\$m)	280	519	704
Operating profit (US\$m)	89	190	264
Net profits (US\$m)	51	125	178

Source: Safaricom Results for year ending 31 March 2007

## 1.2 Statement of the problem

Telecommunications sector reform policies launched in earnest in Africa in the last decade had various goals and strategies. The impact of the policy implementation varies with positive as well as negative outcomes. Telecommunications development has been affected by and is a subject of the socioeconomic environment under which it operates. The ensuring telecommunications reforms are a political response to address national socioeconomic needs. The impact of competition in the mobile telephony industry has resulted in faster expansion and growth of the sector.

For an organization to survive in a competitive environment, it is crucial to identify structural features determining the nature of competition in the industry. This would then focus the company efforts towards creating strategies

that it can use to gain competitive edge. Evidence of trade wars between existing service providers has seen reactive strategies where one player capitalizes on the mistakes of the other leading to slogans like 'Get connected or congested'. This calls for deliberate strategic initiatives to ensure survival in the industry.

The business environment in the country has drastically changed resulting in mobile telephony companies going global and thus increasing competition in the industry. Prices have also come down due to competition. A notable feature in the Kenyan market since sector reforms in 1999 is the fast expansion and uptake of cellular services. Cellular has grown from under 7,000 customers to over 5.6 million according to Economic Survey of 2006. This growth is remarkable and far exceeds the operator's projections. This fast growth has occasionally caused congestion a factor that infuriates customers and calls for the attention of the regulator.

Studies carried out elsewhere in the world for firms facing similar challenges have started organizing for "issue management" that is developing a systematic process by which the company can identify, evaluate, and respond to strategic issues affecting the company (Oomens & Bosch 1999). The uncertainty and surprising environmental turbulence in the global market is demanding investors and management to institutionalize proactive and dynamic management approaches to assist the managers in identifying, analyzing, planning and implementing these surprise events and issues which affect the known trend, external or internal. Studies carried so far indicate that strategic issue management is being practiced widely to harness the competitiveness of the firm.

Oomens & Bosch (1999) carried out a research on strategic issue management in major European based companies. However such research would need a modification to apply within the Kenyan context. Muya (2006) conducted a

research on strategic issue management practices by classified Hotels in Kenya. His research objectives were to establish the strategic issue management practices adopted by classified hotels in Kenya and to identify the factors influencing strategic issue management practices in the hotel industry. However little attention has been paid on strategic issue management practices in the mobile telephony industry in Kenya. In such unfolding scenario the question now remains: - which issue management practices have been adopted by the mobile telephony companies in Kenya? In the present research project, the relative uses of various available alternatives were investigated by means of longitudinal study of the strategic issue management practices by Safaricom Limited. The study is aimed at generating a theory of strategic issues management that is relevant, understandable and fitting the empirical situation at hand (Glaser and Strauss, 1967).

### **1.3 Research Questions**

This study seeks to answer the following research questions:

- i. What are the strategic issue management practices by mobile telephone companies?
- ii. What are the factors that influence strategic issue management practices in the mobile telephone industry?
- iii. What are the benefits of strategic issue management practices to organizations?
- iv. What are the challenges that face organisations trying to implement strategic issue management practices?

### **1.4 Objectives of the study**

The objectives of the study are:

- i. To establish the strategic issue management practices by the Mobile Telephony companies in Kenya.

- ii. To identify the factors influencing strategic issue management practices in the Mobile Telephony Industry in Kenya
- iii. To identify the benefits and challenges of strategic issue management in the Mobile Telephony Industry in Kenya.

### **1.5 Significance of the study**

The study should benefit the following groups:

- i. To the management of Safaricom Limited to enable them identify gaps that may require re-evaluation.
- ii. The government through CCK is a major player in this sector. This study may help enhance policy formulation to enable the industry record further growth and create synergy with the stakeholders.
- iii. To create awareness on the importance of strategic issue management as an essential tool in strategic management in Mobile Telephony industry.
- iv. To the scholars who will be able to do further research in strategic issue management practice

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Concept of Strategic Issue Management (SIM)

Ansoff and McDonnell (1990) has defined strategic issue management) as a forthcoming development, either inside or outside the organisation, which is likely ton have an important impact on the ability of the enterprise to meet its objectives. On the other hand, Greening and Gray (1994) assert that SIM is a managerial function that helps corporations to identify, analyse and respond to social and political concerns that can significantly affect them. SIM appeared during the evolution of strategic planning when it became evident that it would not be practical for strategies to be revised annually (Ansoff and McDonnell, 1990). Organisations are faced with strategic issues emanating from either within or outside the organisation (Ambler, 1999). Internal strategic issues include decline in employee satisfaction or the development of a new technology by an organisations' research and development.

Strategic issue management has continued to evolve. In less than three decades, issue management has become established as distinct, discipline to add value to organizations (issue management council 2005). Strategic issue management is designed to position issues management in the strategic planning and management efforts by staff and executive (Heath, 2000). It entails understanding and achieving high standards of corporate responsibility by listening to and acknowledging the soundness of key public opinions. It thus supports strategic management by getting the firm's house in order, engaging in tough defense and smart offence and monitoring opinion changes that affect public policy (Heath, 2000).

Strategic issue management has four important features; first, the issue arrives suddenly, it's unanticipated. Secondly it poses novel problems in which the firm has little prior experience. This is because the future may have no relationship

with the past, new products continue to penetrate the market because companies have invested in their research and development divisions. The past is recognized only as something not to be repeated (Ansoff and MacDonnell, 1990)

Third, failing to respond implies either a major financial reversal or loss of a major opportunity. If a firm fails to respond to such issues, they can escalate and cause negative publicity and financial damage. A well-known example of such an issue is the commotion caused for shell over the dumping of the Brent spar oil platform in North-Sea (Oomes and Bosch, 1999).

Four, the response is urgent and cannot be handled promptly enough by the normal systems and procedures (Ansoff and McDonnell 1990). More importantly, business as usual approach seems very difficult to justify in the post-industries era. Waiting to act until “fuzzy” environmental signals become clearer rather than investing in learning more about them now means losing competitive leadership to others (Stoffels, 1994).

For a firm to handle events noted here above, it requires to invest in a strategic surprise system (Ansoff and MacDonnell, 1990). The system requires an emergency communication network, an information evaluation and assignment centre, repartitioning and responsibilities of the top management, a strategic taskforce network, training of the strategic taskforce in prompt response n to novel problems and exercises the networks under non-crisis conditions.

The literature review on strategic issue management based on Kenya context is scanty (Ng'ang'a, 2001). However a lot of information based on the western countries is available. This gap ha been complemented by the global trends impacting on Kenya's environment as reported by the local dailies and the Internet. Ansoff (1980) one of the first scholars in the strategy field defines strategic issue as “a forthcoming development either inside or outside of the

organization which is likely to have an impact on the ability of the enterprise to meet its objectives.

The strategic literature pays particular attention of an enterprise to meet its objectives. The business and society literature on strategic issues focuses on the potential gap between the company actual performance and performance as perceived or expected by the company stakeholders. Post (1983) defines strategic issue as "a gap between what the organization's relevant publics expect its performance to be and the organizations actual performance. Thus, the extension of study of strategic issue management special in transition economies is important because it is less known (McKenzie, 2000). A replication study conducted in the republic of Estonia (former Soviet Union) indicate that classification of strategic issues, differs in terms of number of strategic issues, threat or opportunity when compared to the Western counterparts (Mackenzie, 2000).

Since strategic issue can emanate from within the organization or from the environment within which the organization is operating, use of strategic models as practiced in the developed nations would require modification and adaptation because environmental factors in Africa takes a different dimension (Aosa, 1992). The strategic moves undertaken by management always enables the organization achieve its targets (Thompson & Strickland 1993). Therefore, all these differences in issue analysis based on environmental variation are expected in a developing country like Kenya.

## **2.2 Strategic issue management and the environment**

The environment in which a firm operates is becoming increasingly turbulent and complex public opinion and individual norms and values have changed and



society's expectation and the demands it makes to companies are now higher than before (Oomens and Bosch 1999).

For a firm, to implement its strategy in an increasingly turbulent environment, Ansoff and MacDonnell (1990) have proposed three conditions that should be met: First, that the aggressiveness of the firm's strategic behavior should match the turbulence of its environment. This means that if the environment is stable, strategic aggressiveness can be based on historical facts or precedents. As one moves along the continuum of turbulence to surprising levels, the strategic aggressiveness of the firm changes to reactive anticipatory, entrepreneurial and to being creative. This means as the level of turbulence increases the creativity and innovativeness of the firm should match.

Secondly that responsiveness of the firm's capability should match the aggressiveness of its strategy. When the environment is repetitive, precedents drive the firm. This works well in a closed system. However, when the environment is very turbulent (unforeseen) the firm should adopt an open system, which entails, embracing a total commitment to creativity.

Thirdly, that the components of the firm's capability must be supportive of one another the firm's internal capabilities such as financial base and research and development coupled with the strategic formulation process should adapt to the environmental turbulence or change. If one of the factors shifts to a higher level the rest should follow suit.

According to Ansoff and MacDonnell (1990), strategic issue management (SIM) relies heavily on strategic surveillance through environmental scanning and special alert controls. It employs the technique of object gap analysis to ensure that operational controls are in place. This requires organizational capabilities, which facilitate management response to surprising changes. They propose that

for a firm to deal effectively with the surprising changes it requires to invest in a strategic surprise system.

For a firm to be able to invest in a strategic surprise system to enable it close the environment and capability gap, it is paramount to design the capabilities (managerial as well as functional), which will enable it to initiate and support the new strategic response (Ansoff and McDonnell, 1990). The planned response and the capability design must be put in practice to avoid organizational resistance (Ansoff and McDonnell, 1990).

According to Oomens & Bosch (1999), scholars have developed a great deal of time and effort drawing up models presenting the issue management process as a sequence of steps to be executed. These are; scanning or monitoring the environmental issue identification, prioritization, analysis, strategic decision and action programs, implementation and evaluation.

### **2.3 Strategic issue management practices**

Real time strategic issue response are necessary to facilitate the firm's preparedness in handling the impending issues that may have profound impact on the firm (Ng'ang'a, 2001). In his presentation to the issue management council (IMC), Jacques (2005) proposed a nine best issue management best practice indicators. He broadly classified them under structure, implementation and integration.

Under structure, he recommended the establishment of a mechanism to identify current and future issues through environmental scanning/issue analysis. When reviewing the structure, management should consider the following reference points. There should be designated individuals to formally monitor key information sources such as news media, journals, research, website and external

conferences and peer industry activities. the organization sought to actively participate in trade association including monitoring and lobbying of legislation, new regulation and relevant litigation at local, national and international levels, use phone or e-mail hotlines, allow employees to elevate issues with management, ensure community advisory panels or third party focus groups are actively promoted and existence of an established process is in place to receive evaluate and prioritize scanning inputs from both internal and external sources

Secondly, organizations adopt a formal process to assign and manage issues. The following reference points are important; establish policies or procedures describing the issue management process including roles and responsibilities and documentation, have formal prioritization analysis, ensure that issue strategy development tools or worksheets are consistently used make sure that issue status files and position statements are regularly updated and information to be maintained to facilitate future access to the last status and lessons learned

The third factor requires that responsibility for stewardship of the issue management process be clearly assigned and mechanisms put in place to build organizational expertise in the discipline. This should take care of the following reference points; job descriptions should show clear responsibility for the issue management process an issue management centres of expertise to provide resources to improve issue management awareness and effectiveness at all levels of the organization. Then, the issue management process steward then formally monitors issue teams. To eliminate redundancy, promote consistency of policy and message and optimize resource deployment, conduct formal training so that it's available the issue teams to properly implement the process. The operational issue management process should then be regularly reviewed and benchmarked.

At the implementation stage, the fourth critical factor is “ownership” of each major issue being clearly assigned at an operational level with accountability and results linked to performance reviews. The following preference points should be taken into account. The issue owner is clearly identified on all documentation and communication. Action plans and timelines are set out at both group and individual operational activity. The issue progress is assessed and evaluated against formalized operational or tactical goals while personal and learn issue achievement relate directly to salary and bonus assessment. The management authorizes resource such as task teams to address particular issues

Fifth, the progress against key issues should be formally reviewed with organizational owner on a regular basis and the status of each to be monitored at the highest management level. This ownership should take into account the following reference points. The issue teams meet and report on regular basis. They should have existing recognized processes to formally evaluate progress against strategic objectives. The chief executive officer should be regularly briefed on key issues including status and plans (e.g. weekly or fortnightly). The process should then be established to record and implement management feedback while management formally reviews issue position statements and actively participate in regular status updates (e.g. quarterly)

The executive committee or board of directors has fiduciary oversight of the issue management, has mechanisms in place to report progress to directors and/or external stakeholders and authority to intervene in the event of non-compliances or misalignment. The following reference points should be considered; Board level management has direct issue involvement (e.g. public policy or environmental affairs committee or nominated director to lead or maintain the issue process and related policy). The issue reports are available to external stakeholders (e.g. annual reports, corporate social responsibility report) while organization external web-site provide issue updates and mechanisms for

should be put into account. The issue management team leadership and membership should reflect diversity of function or department. Issue management is recognized in job descriptions across all key functions and departments while individual issue managers and process owners participate in key management groups appoint issue champions from senior management impacted departments and they also issue process training which is scheduled and monitored for all levels of participation including employee orientation.

As a rejoinder, Mills (2005) shared an overview of Key methodologies that comprise her organizations award-winning “generic” issue management process. She proposed a five-prong approach as follows; First, systematically identify issues by scanning the environment and stakeholder relations. The information should be entered into issues management database.

Secondly, issue analysis follows through research on issues, vulnerability check, stakeholder analysis and issues evaluation. Thirdly, issue action by finalizing an strategy, tactics and action plans while integrating public affair. Fourth stage involves issuance of change strategy. This would put into consideration the policy and position factors, the change strategy options consensus and officer sign off and the message development. Fifth evaluations of results, which include research from feedback, accomplish goals, and archiving.

Ansoff and McDonnell (1990) proposed fourth analytical techniques for strategic issue management. These are use of simple environmental impact analysis, cross impact analysis, ranking approach and Euro quip matrix. The first one is the simple environmental impact analysis which diagnosis one event/trend at a time and does not concern itself with their independence. Threats/opportunities and future strengths/weaknesses can be identified from the continuous surveillance of three sources (external environmental trends, internal capacity trends and performance trends).

The second is the issue ranking approach, which involves a continuous environmental surveillance through trend analysis (external environmental, internal environmental and internal performance).

SWOT identification, impact and urgency of the trends are estimated and presented as key strategic issues to top management at frequent meetings and whenever a new major threats or opportunity is perceived. Then together with planning staff, top management sort issues into one of the four categories

Highly current issues of far reaching effect which require immediate attention (i.e urgent issues). Moderately urgent issues of far reaching effect that can be resolved during the next planning cycle (i.e postponable issues). Non-urgent issues of far-reaching effect that require continuous monitoring (deployable issues) and issues that are "false alarms" and can be dropped from the further consideration (i.e. minor issues).

The urgent issues are assigned for study and resolution, either to existing organizations units or to special task forces. Top management both for strategic and tactical implications monitors the resolution of issues. The list of issues is kept up-to-date through periodic review by the top management.

The third technique is the cross impact analysis which can be added to estimate the likelihood of simultaneous occurrence of several events/trends. This analysis produces clusters of events/trends, which are likely to impact together in the firm and facilitates identification and preparedness of probable future disaster scenarios or opportunity scenarios.

The fourth method "Euro quip matrix" analyses issues after the ranking has been done and after the synergy analysis. Either the positive or the negative synergy

evaluations is done for the issues impact and issue urgency. A positive synergy occurs when strengths and or weaknesses are applicable to responding to threats and opportunities. A negative synergy occurs when neither strengths nor weaknesses help in with threats and opportunities.

#### **2.4 Organizing for strategic issues**

Oomens & Bosch (1999) using a strategic perspective suggests that there are three ways of organizing for strategic issues; corporate level, functional level and process oriented. However, the location and focus of the analysis influence the decision making strategic issues. If the analysis is made at the corporate level and the focus is on corporate issues the decision-making tends to be centralized. If the location and the focus are at the business and operating company level, this produces a more decentralized decision making process. As soon as an important strategic issue has been identified, they should be allocated to a particular person in staff or in line management, who will be responsible for monitoring and managing it. According to Oomens and Bosch (1999), there is general consensus in the literature that senior managers should be responsible for important strategic issues and that staff members should play a supporting, advising and coordinating role. There is also consensus that issue management should be part of strategic - decision making process, that is, formal planning and appraisal session, and that top management commitment to issue management is crucial.

#### **2.5 Theoretical Framework**

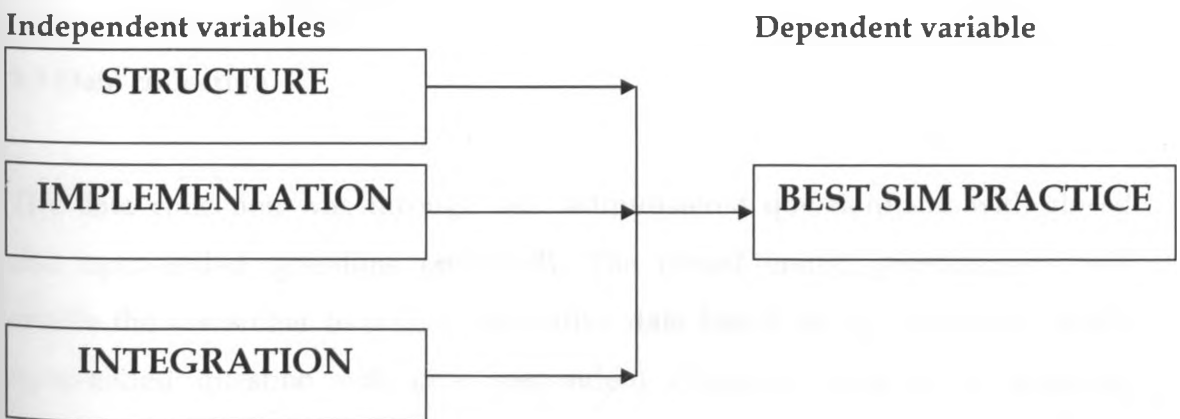
As has been identified by Jacques (2005), strategic issue management best practice indicators are classified into structure, implementation and integration. These indicators presented in the schematic diagram below. Without a sound and clear structure within which strategic issue management is practiced, for instance performing an environment scanning exercise to identify the issues that are critical and need to be given the first priority in terms of managing then, the

any procedure carried out to manage strategy will be haphazard and will not yield any good results. On the other hand, presence of the basic tenets that encompass structure leads to better results in terms of managing strategic issues.

Implementation is also a very critical issue that needs to be looked at if the strategic issue management is to be considered sound practice in an organization. Progress of the strategy implementation should be reviewed and a sense of ownership should be instilled in those who carry out strategy implementation. The board of directors should play an oversight role so as to authenticate the practice in the organization (Jacques, 2005). When all these aspects of implementation are carried out, they lead to a sound strategic issue management practice.

The third category of the best indicators for best strategic issue management is integration. For the strategic issue management practice to be effective, reports of feedback need to be furnished to the relevant people as frequently as possible. Leadership should be provided and the people involved provided with adequate training to perform their duties. In other words, issues of strategic management should be embedded within strategic planning and implementation for the practice of strategic issue management to be considered best (Jacques, 2005).

**Figure 1: Schematic diagram**





## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Research design**

This is a case study design. A case study has been chosen because it enables the researcher to have an in-depth understanding of the behavior pattern of the Safaricom. A case study design is most appropriate where a detailed analysis of a single unit of study is desired as it provides focused and detailed insight to phenomenon that may otherwise be unclear. The importance of a case study is emphasized by Young (1960) and also by Kothari (1990) who both acknowledge that a case study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit, irrespective of what type of unit is under study.

### **3.2 Population**

The population of interest is Safaricom Company limited as a unit of analysis. All the departments in the organisation formed part of the sample for the study. The head of departments formed the sample of the study. The sample size for this study was eight heads of departments from all the departments in the organisation.

### **3.3 Data collection**

The data collection was through self-administered questionnaire with closed and open-ended questions (attached). The closed ended questionnaire will enable the researcher to collect qualitative data based on the frequency, while open-ended question will give respondent complete freedom of response.

Previous Research on the strategic issues management in companies indicates that the respondent chosen are mainly Chief Executive Officer (CEO) [Gekonge, 1999]. However General Managers and Divisional heads were used.

### **3.4 Data analysis**

The result of the study (editing, coding and entry into the computer) was analyzed by the use of descriptive statistics. Descriptive statistical methods used to analyze the data include frequency percentages, mean scores and standard deviation. For qualitative responses, content analysis was used. The Statistical Packages for Social Sciences (SPSS) was used to carry out the analyses.

## CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

### 4.1. Introduction

This chapter presents the analysis and findings from the data collected from the field based on the specific objectives. The analysis is presented in form of tables, frequencies and percentages. Eight departmental heads were available for the interviews representing a response rate of 100%. The heads of departments were from the human resources, business development, finance, operations, sales, marketing, legal, and corporate strategy.

### 4.2 Company's Business Environment

The researcher sought to investigate the business/operating environment of Safaricom mobile telephony company in Kenya. The findings show that the business/operating environment within the last five years was relatively stable.

The research sought to investigate whether the company had business plans in place to respond to changing environment, the entire respondent indicated that there were existing plans to adjust to changing environment.

#### 4.2.1 *Impact of factors on Safaricom*

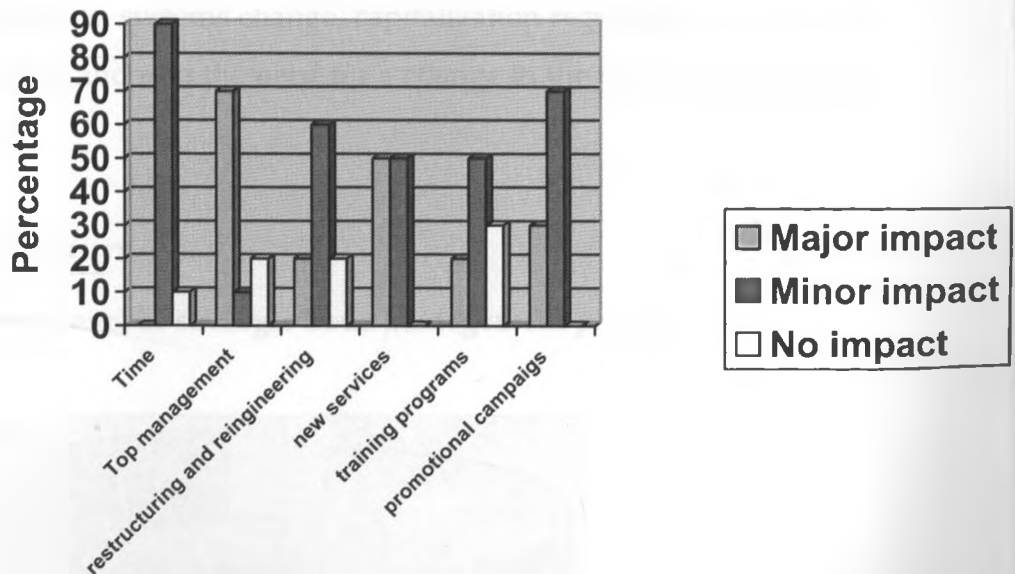
The researcher also sought to find the impacts of some factors in Safaricom mobile telephony company, which were, change in time to make a decision, change in top management, restructuring and reengineering, number of new services introduced into the market, number of training programs and number of promotional campaigns. The study found out that 90% of the respondents believe change in time to take decisions was a minor factor impacting on the operations of the organisation. The major factor was found to be change in top management which scored 70% followed by number of services introduced in

the market at 50%. The results on the impact of various factors on mobile telephony industry are summarized and presented in Table 2 below and in Figure 2 below.

**Table 2: Impact of factors on mobile telephony industry**

Impacts	Major	Minor	No impact
Change in time to make a decision	0	90	10
Change in top management	70	10	20
Restructuring and reengineering	20	60	20
Number of new services you introduced into the market	50	50	0
Number of training programs (or the amount spent on training)	20	50	30
Number of promotional campaigns	30	70	0

**Figure 2: Impact of factors on the industry**



As can be observed from Figure 2 above, time to make decisions was rated as having a minor impact on the industry with 90% of the respondents saying so.

Change in top management was considered by 70% of the respondents as having a major impact on the industry followed by introduction of new services and promotional campaigns.

### 4.3 Strategic Issue Management Practices

#### 4.3.1 Studies on various issues

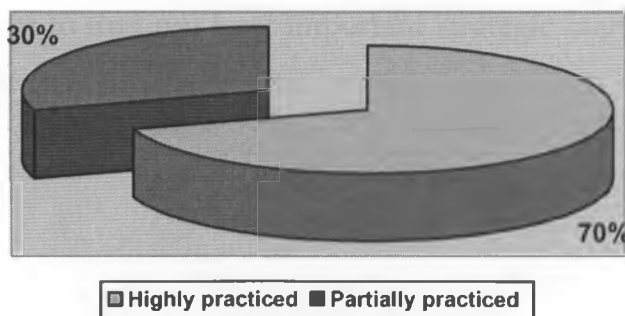
The researcher also sought to investigate whether the company studies issues like environment trend, internal environment and performance trend, which may affect their operations. From the findings as indicated above, it was clear that Safaricom mobile telephony company study external environment, internal environment and also performance trend. All the respondents said so.

#### 4.3.2 Issues Encountered

The respondents were also asked by the researcher to state the strategic issues that they have encountered for the last five years due to change in operating environment. It was established that the issues are such as competition from other mobile telephony operating in Kenya for example telecom wireless, changing customer needs, systems change, capitalization requirement, enhanced company performance, and also the need for a change in the market approach to the customers needs.

#### 4.3.3 Level of SIM Practices

Figure 3: Level of strategic issue management practices

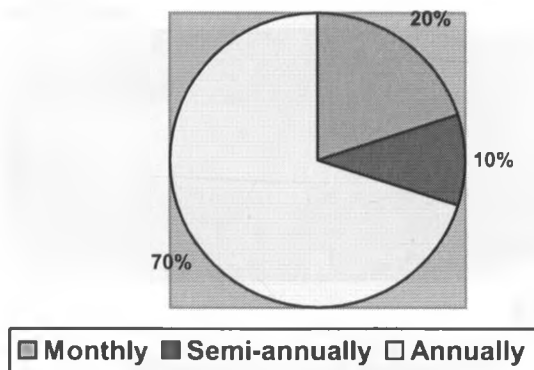


The study sought to find out the rate of strategic issue management practices in the organization. The majority of respondents as shown by 70% said that it was highly practiced; while 30% of the respondents said that it was partially practiced. It was also established that the organizations prepares a list of key strategic issues for each year as shown in Figure 3 above.

#### 4.3.4 Frequency of Key Strategic Issues

The respondents were asked to state the frequency of preparing the key strategic issues in the company. From Figure 4 below, it was clear from the majority of respondents that the key strategic issues were practiced annually as shown by 70%, 20% said that it was practiced monthly, while 10% of the respondents said it was practiced semi annually.

**Figure 4: Frequency of preparing key strategic issues**



#### 4.3.5 Importance of SIM

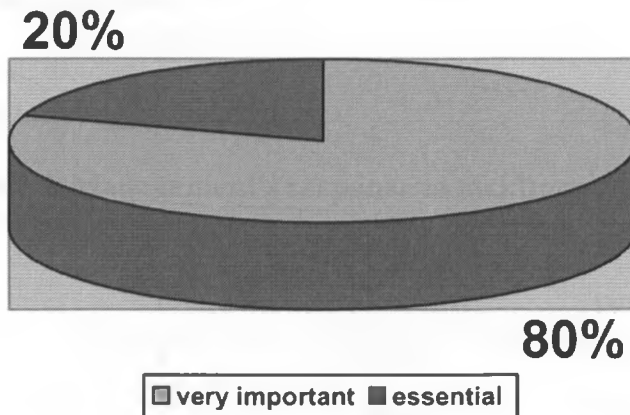
The study sought to find out how important strategic management was on the future success of an organization.

**Table 3: Importance of SIM**

	Frequency	Percent	Cumulative percentage
Very important	8	80.0	80
Essential	2	20.0	100
Total	10	100.0	

The results presented in Table 3 above show that majority of the respondent perceive strategic issue management as very important to the future success of a company important as shown by 80%, while 20% perceive it as essential to the future success of the company. These results are also presented in Figure 6 below.

**Figure 5: Importance of strategic issue management**

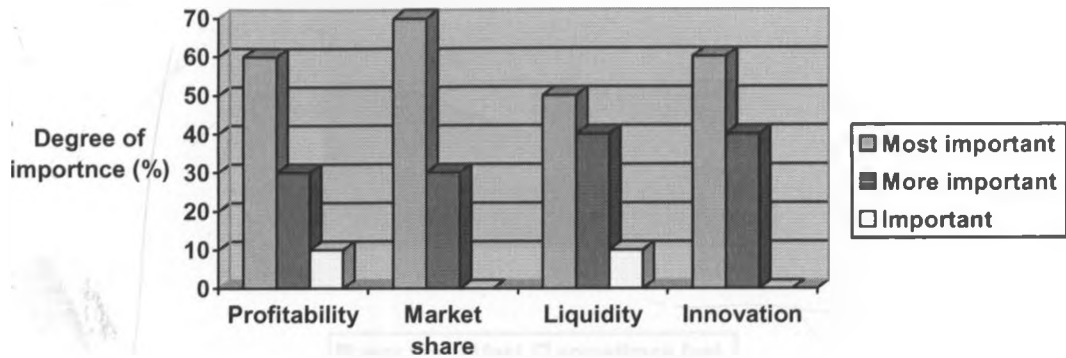


As presented in the pie chart above, most of the respondents (80%) consider strategic issue management to be very important to the company.

#### **4.3.6 Importance of performance measures**

The researcher sought to find out the level of importance of the performance measures which were profitability, market share, liquidity and innovation to the organizations (Safaricom). The outcomes of the responses are shown in Figure 7 below.

**Figure 6: Importance of performance measures**



The findings indicate that market share is the most important in the Safaricom as was shown by 70% of the respondents, followed by profitability and innovation with 60%, while liquidity was the third important rated at 50%. The market share aspect is probably considered most important because in the field of mobile telephony, success depends on how many subscribers a provider commands and their purchase characteristics.

#### 4.3.7 Response to tackling of issues

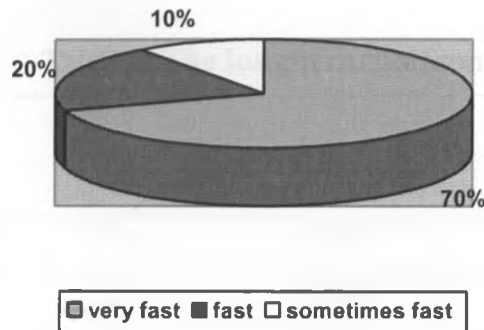
**Table 4: Management's response to tackling of issues**

	Frequency	Percent	Cumulative percentage
Very fast	7	70.0	70
Fast	2	20.0	90
Sometimes fast	1	10.0	100
Total	10	100.0	

The respondents were asked to rate the top management response in tackling issues in Safaricom. From the data collected, 70% of the respondent showed that the response was very fast, 20% indicated that they were fast, while 10% of the respondents showed that they are sometimes fast. These results are summarized in Table 4 above and Figure 8 below.



**Figure 7: Management response to tackling issues**

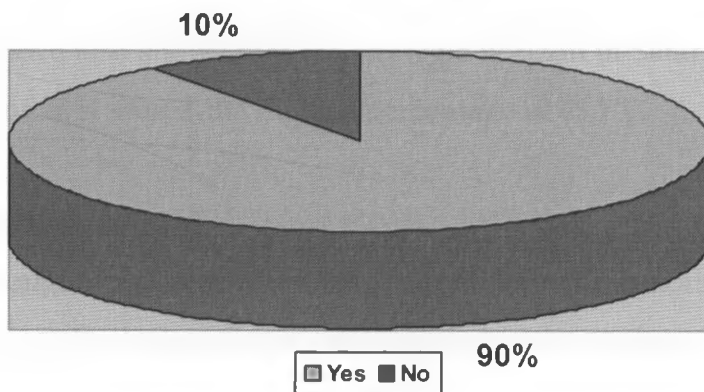


From the pie chart above, it can be deduced that the management of Safaricom Company's response to tackling strategic issues is very fast as 70% of the respondents said that they believe the management response is usually very fast.

#### **4.3.8 Planning Horizon**

The study also sought to find out if long term planning is carried out in Safaricom mobile telephony company. 90% of the respondent indicated that the company carries out long term planning, while 10% showed that long term planning was not carried out in the organization. This is presented in Figure 9 below.

**Figure 8: Long term planning in the organisation**



#### **4.3.9 Long Term Horizon**

The study sought to investigate the long-term horizon carried in the organization. The majority of respondents said that it was long term >3 years as

shown by 66.7%, 22.2% said that it was medium 1-3 years, while 11.1% said that it was short term <1 year. This is presented in Table 5 below

**Table 5: The long-term horizon**

	Frequency	Percent	Cumulative percentage
Short term-< 1 year	1	11.1	11.1
Medium 1-3 years	2	22.2	33.3
Long term >3 years	6	66.7	100
Total	9	100.0	

**Figure 9: Strategy horizon**

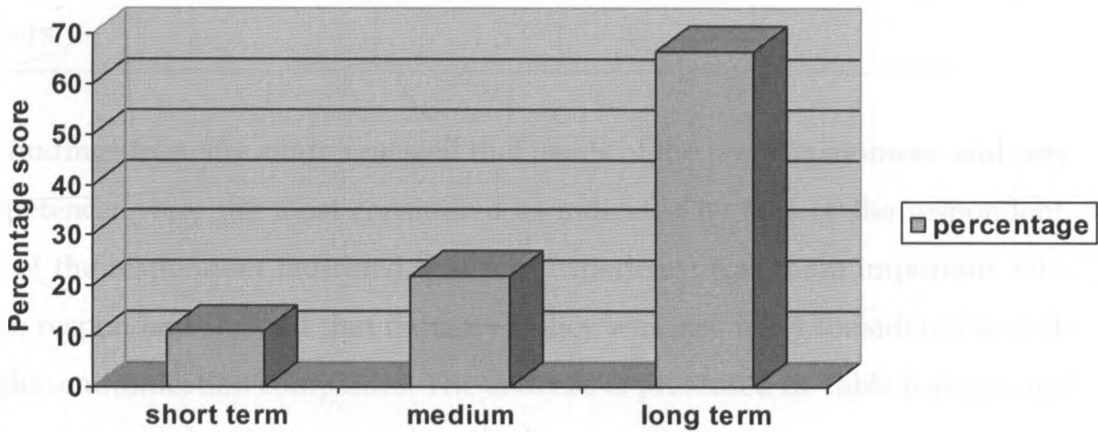


Figure 10 above also shows that the strategic horizon in Safaricom is usually the long term one as it scored the highest percentage of 66.7%.

#### **4.3.10 Engagement of SIM**

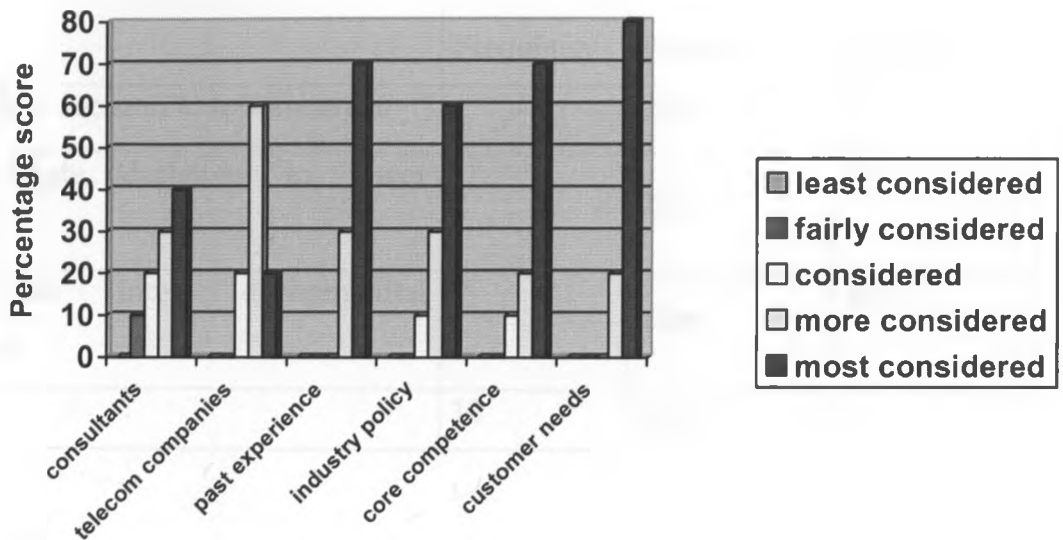
The study sought to find how the respondents rate the factors in the above table before engaging in strategic issue management in the company.

**Table 6: Engagement in strategic issue management in the company**

<b>Key factors</b>	<b>Least considered</b>	<b>Fairly considered</b>	<b>Considered</b>	<b>More considered</b>	<b>Most considered</b>
Opinion of consultants	0	10.0	20.0	30.0	40.0
Other telecommunication companies	0	0	20.0	60.0	20.0
Past experience	0	0	0	30.0	70.0
Industry policy	0	0	10.0	30.0	60.0
Core competences	0	0	10.0	20.0	70.0
Needs of target customers	0	0	0	20.0	80.0

The findings from the study revealed that needs of the target customers' and core competences were the most considered as indicated by 80% of the respondent, 70% of the respondent indicated that past experience was more important. 60% of the respondent showed that industry policy was also most considered as well as telecommunication companies. The analysis is presented in Table 6 above and Figure 10 below.

**Figure 10: Engagement in SIM**



As presented in Figure 10 above the factors that are mostly considered before engaging in strategic issue management are customer needs, core competences, past experience and industry policy.

#### **4.3.11 Mode of Making Decisions**

The respondents were required to indicate how they describe the prevailing mode of making critical strategic decisions basing on tendencies. The results shows that the majority of respondents describe the prevailing mode of making critical strategic decisions as the tendency to centralize decision to top manager as shown by 70%, 20% described as the tendency to centralize decisions to lower managers, while 10% of the respondents described it as the tendency to use inter departmental committee/task force and others at 12.5%. The summary of these results are presented in Table 7 and Figure 11 below.

**Table 7: Mode of making critical strategic decisions**

	Frequency	Percent	Cumulative percent
Tendency to centralize decision to top manager	7	70.0	70
Tendency to delegate decisions to lower managers	2	20.0	90
Tendency to use inter departmental committee/taskforce	1	10.0	100
Total	10	100.0	

**Figure 11: Mode of making critical strategic decisions**

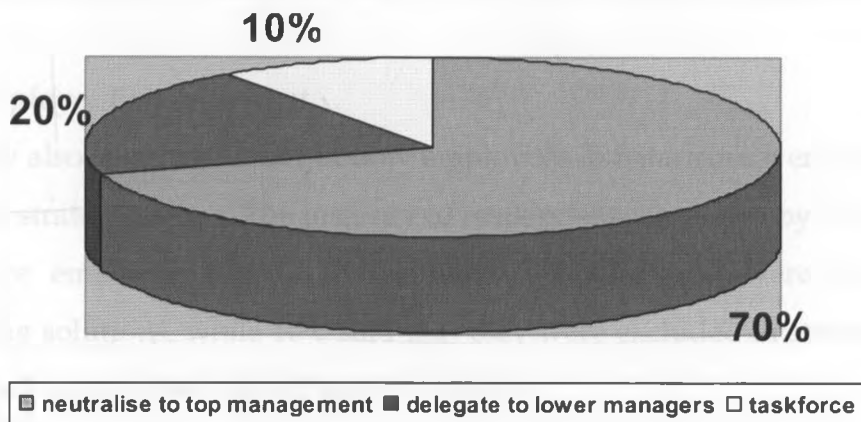


Figure 11 above clearly depicts the situation as it can be seen that there is a tendency to centralize the decisions to top management as affirmed by 70% of the respondents.

The study also sought to find from the respondents whether they perceive the above as the same. From the study, 70% said that they don't perceive and treat strategic plans as urgent and critical issues which affect Safaricom between the planning cycles as the same, while 30% perceived it as the same.

The researcher requested the respondents to state whether the organization was

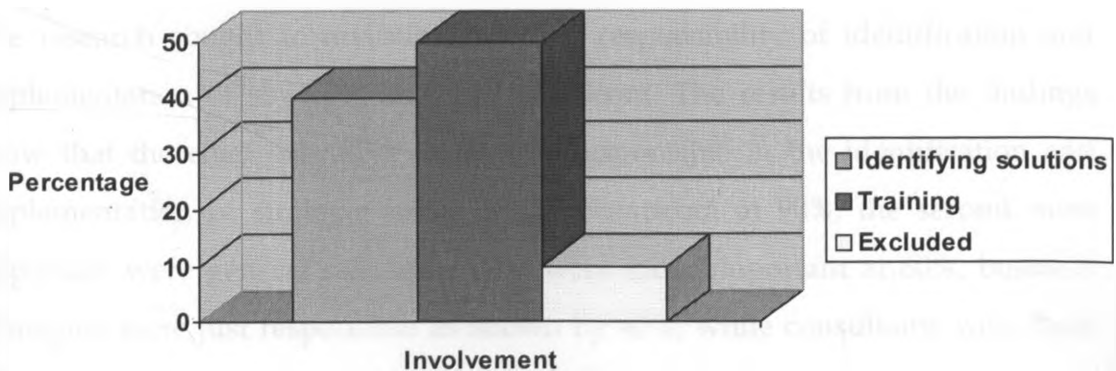
continuously preoccupied throughout the year with checking urgent and critical issues, which may affect their daily operations. The majority of respondents, 80%, said that they were continuously preoccupied throughout the year with checking urgent and critical issue, which may affect their daily operations, while 20% said that they were not continuously preoccupied.

The study also sought to investigate the structures that had been put in place by top management in Safaricom to ensure strategic issues are captured and implemented. Their responses were as below. Consultations by people competent in various fields, use of consultants, executive committee, marketing reports, progress reports, performance trends analysis and reports, weekly management analysis, delegation, supervision and control and appraisals.

#### 4.3.12 Employee Empowerment

The study also sought to find out how employees in Safaricom were empowered to handle strategic issues. The majority of respondents as shown by 50% said that they were empowered through training, 40% said that were involved in identifying solutions, while 10% said that they were excluded in strategic issues. These results are presented in Figure 12 below.

Figure 12: Employees' empowerment to handle strategic issues in Safaricom



The study sought to find out if Safaricom mobile telephony company had a documented process to handle strategic issues. The findings of the study were summarized in the above table. According to 80% of the respondent, it was clear that Safaricom mobile telephony company had a documented process to handle strategic issues, while 20% said that they did not have a documented process to handle strategic issues.

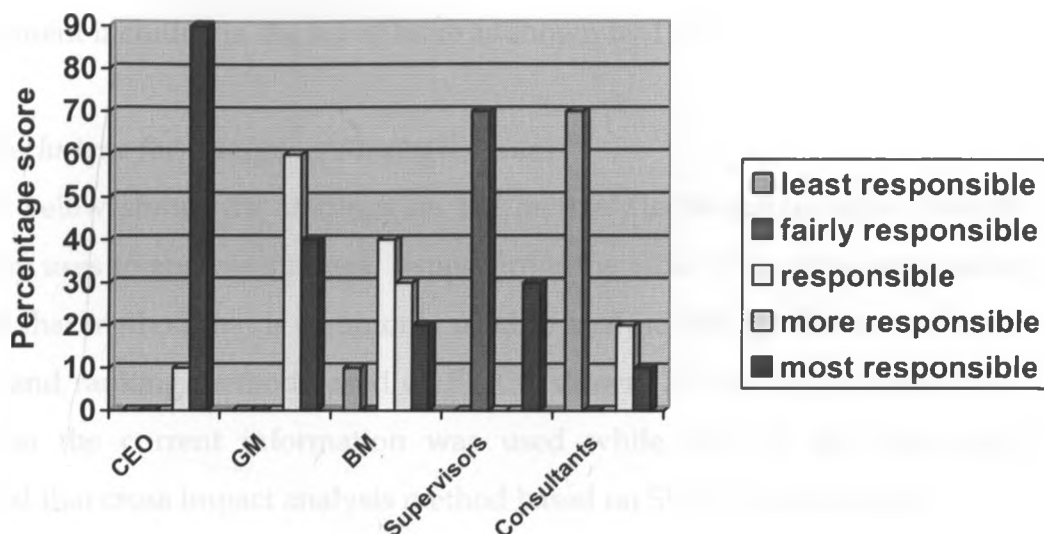
#### 4.3.13 Responsibilities

**Table 8: Identification and implementation of strategic issues in Safaricom**

	Least responsible	Fairly responsible	Responsible	More responsible	Most responsible
The chief executive officer	0	0	0	10.0	90.0
The general managers	0	0	0	60.0	40.0
Business managers	10.0	0	40.0	30.0	20.0
Supervisors	0	70	0	0	30
Consultants	70.0	0	0	20.0	10.0

The research sought to investigate on the responsibility of identification and implementation of strategic issues in Safaricom. The results from the findings show that the chief executive is the one responsible in the identification and implementation of strategic issues in the Safaricom at 90%, the second most important were general managers who were more important at 60%, business managers were just responsible as shown by 40%, while consultants were least important at 70%. This is presented in Table 8 above. The summary of these findings are also presented in Figure 13 below.

**Figure 13: Responsibilities regarding SIM**



It can be concluded as presented in Figure 13 above that the responsibility regarding strategic issue management lies with the CEO and the general managers of the company.

The study also investigated on whether the company had recorded strategic issue objectives for the current year. The results show that the organization had recorded strategic issue objective for the current year. The results mean that they stand a better chance to refer issues in future if the same objectives may not have been captured. While 10% of the respondents said that the organization had not recorded strategic issue objective for the current years.

The study also sought to find out from the respondents whether the company had changed objectives for the last 5 years. The results as indicated by 88.9% of respondents show that the company had changed these objectives for the last 5 years, while 11.1% said that they had not changed these objectives for the last 5 years. In addition, the research also was establishing the actions that Safaricom mobile telephony company in Kenya takes when the



targets/objectives/benchmarks are not met. The study revealed that in case the targets/objectives/benchmarks are not met they report the variance to the top management included in the list of issue as shown by 100%.

#### 4.3.14 Technique for Analyzing Strategic Issues

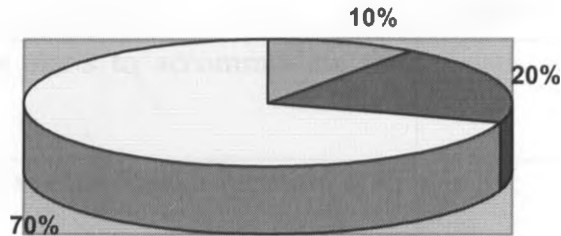
Table 9 below shows the findings on the method/technique/practice that the company uses to analyse strategic issues. From the table, 70% of the respondent showed that method that is commonly used to analyse strategic issues was issue impact and ranking method based on SWOT shown, 20% indicated that SWOT based on the current information was used while 10% of the respondent indicated that cross impact analysis method based on SWOT was applied.

**Table 9: Practice of analyzing strategic issues**

	Frequency	Percent	Cumulative percentage
SWOT based on current information only	1	20.0	20
Cross impact analysis method based on SWOT	2	10.0	30
Issue impact and ranking method based on SWOT	7	70.0	100
Total	10	100.0	

The findings as shown by 70% of the respondent show that Safaricom Company estimates the urgency of the identified issues; while 30% of the respondent said that the company does not estimate the urgency of the identified issues. This is presented in Figure 14 below.

**Figure 14 SIM practice**



■ current information only ■ cross impact analysis □ issue impact and ranking

It can be concluded that the strategic issue management practices at Safaricom Company involves to a very large extent the impact and ranking method based on SWOT.

#### **4.3.15 Prioritization**

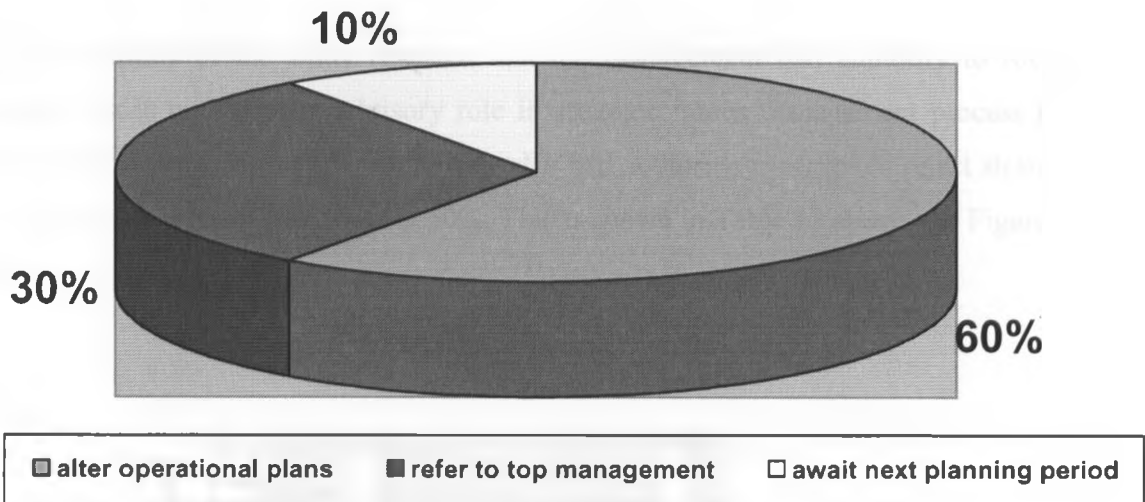
The researcher also investigated whether the company distinguishes and prioritizes the issues, the entire respondents showed that Safaricom company distinguish and thus prioritize those urgent and critical requiring immediate action as shown by 100%, 90% of the respondents said that the company does not distinguish and thus prioritize those issues which are not very urgent and therefore postponed to next year's plans, while 60% also said that the company does not distinguish and thus prioritize those issues not very urgent but need continuous monitoring.

The majority of respondents said that in case of urgent issues requiring immediate action, the operation plans are altered immediately to accommodate the issues as was shown by 60%, 30% said that they refer the issues to the top management/special 'task execution staff' for further analysis, while 10% said that they always await until the next planning period and incorporate. This is presented in Table 10 below and Figure 15 below.

**Table 10: Action taken on issues requiring immediate action**

	Frequency	Percent	Cumulative percentage
Immediately alter operation plans to accommodate the issues	6	60.0	60
Refer it to top management/special "task execution staff for further analysis	3	30.0	90
Always await until the next planning period and incorporate	1	10.0	100
Total	10	100.0	

**Figure 15: Action on issues of immediate action**



As can be observed from Figure 15 above, Safaricom Company alters operational plan to accommodate some issues when faced with issues that need immediate action.

#### **4.3.16 Management Authority**

The study sought to establish the extent to which the company management has authority to review strategic issues, to accept or reject strategic issue proposals

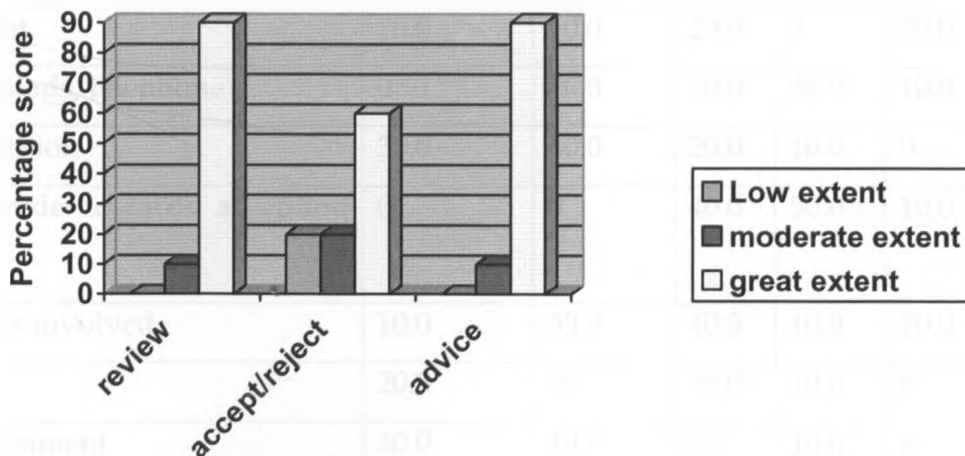
and to offer advisory role in role in strategic issues management process.

**Table 11: Extent of managements' authority**

Statement	Not applicable	Less extent	Moderate extent	Great extent	Greater extent
Review of strategic issues	0	0	10.0	60.0	30.0
Accept or reject strategic issues proposals	10.0	10.0	20.0	30.0	20.0
Offer advisory role in strategic issues management process	0	0	10.0	30.0	60.0

From the results of the study revealed that the management had authority to review strategic issues and to offer advisory role in strategic issues management process to a great extent rated at 90% each, while they also had authority to accept or reject strategic issue proposals a great extent was at 50%. This is shown in Table 11 above and Figure 16 below.

**Figure 16: Extent of manager's authority**



As presented in Figure 16 above, the extent of management authority transcends to offering advisory role, review of strategic issues and making accept/reject strategic issue proposals.

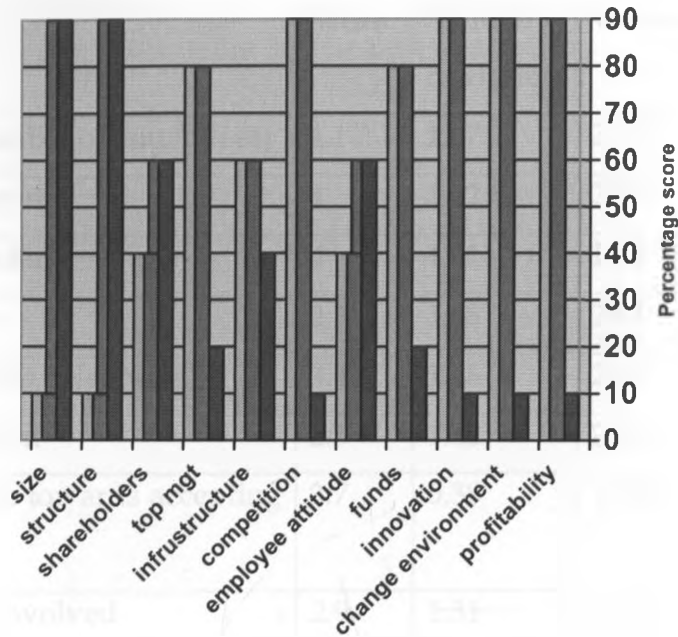
#### 4.3.17 Importance of Factors

The researcher sought to investigate the importance of the factors in the table in determining the time taken to make urgent and critical decisions in the organization. The researcher then requested the respondents to state the level of importance of each factor. Company size was considered to be least important at 60%, organisation structure was less important at 70% while majority of shareholders was considered least important by 70% of the respondents. The results are presented in Table 12 and Figure 17 below.

**Table 12: Importance of factors**

	Most important	More important	Important	Less important	Least important
Company size (number of employees)	10.0	0	0	30.0	60.0
Organization structure	0	10.0	0	70.0	20.0
Majority share holders	0	10.0	30.0	0	70.0
Top management	50.0	10.0	20.0	0	20.0
Infrastructure (roads, telephone)	0	10.0	50.0	30.0	10.0
Industry competition	30.0	40.0	20.0	10.0	0
Employees attitude towards accepting change	0	0	40.0	50.0	10.0
Amount of funds involved	10.0	30.0	40.0	10.0	10.0
Innovation	20.0	50	20.0	10.0	0
Changing environment	30.0	10.0	50	10.0	0
Profitability	40.0	50	0	10.0	0

Figure 17: Importance of SIM Factors



Important
  not important

As can be seen from Figure 17 above, important strategic issue management factors are profitability, change environment, innovation, and competition.

The results of the study were also analyzed using the mean, which ranged from 2 to 4.1. Profitability results had the lowest mean of 2 which in the response scale of 1-5 it means that profitability scale was one of the most important factors in determining the time taken to make urgent and critical decisions in their organizations, according to the majority of respondents. Table 13 below presents summary of descriptive statistics.

**Table 13: Descriptive statistics for Importance of factors**

	<b>Mean</b>	<b>Standard deviation</b>	<b>Variance</b>
Company size (number of employees)	4.1	1.67	2.79
Organization structure	4	1.42	2.02
Majority share holders	4	1.31	1.72
Top management	2.3	1.68	2.82
Infrastructure (roads, telephone)	3.4	1.48	2.19
Industry competition	2.3	1.42	2.02
Employees attitude towards accepting change	3.7	0.38	1.44
Amount of funds involved	2.9	1.31	1.72
Innovation	2.4	1.36	1.85
Changing environment	2.4	1.52	2.31
Profitability	2	1.54	2.37

Organization size (number of employees) the highest mean of 4.1 which in the response scale of 1-5 it means that it was less important in determining the time taken to make urgent and critical decisions in organizations. Other factors which were top management, industry competition, innovation, changing environment, profitability results had a mean ranging from 2-2.4, which means that they were more important according to the majority of respondents.

Infrastructure, employees attitude and amount of funds involved had a mean ranging from 2.9-3.4, which means that they were important, while organizational structure and majority shareholders had a mean of 4 meaning that they were less important in determining the time taken to make urgent and critical decisions in the organizations.

#### 4.3.18 Extent of Impact of Factors on the Company

**Table 14: Extent that the factors apply to the organisation**

Statement	Not applicable	Less extent	Moderate	Great extent	Very great extent
Strategic issue management holds a place in our company	10.0	0	0	50	40.0
Strategic issue management is a motivating activity to undertake	0	0	40.0	10.0	50
The management understands how critical it is to address strategic issues	0	0	10.0	50	40.0
The resources required to handle strategic issues are adequate	0	10.0	50	30.0	10.0
Strategic issues management is allocated ample time by top management	10.0	0	40.0	40.0	10.0
The importance of strategic issues management is clear to everyone in the organization	10.0	10.0	20.0	50.0	20.0
The top management takes activities interest in the output of strategic issue committee	10.0	10.0	20.0	40.0	20.0
The strategic issues committee is highly respected and held with high esteem	40.0	10.0	10.0	30.0	30.0
There is a feeling of teamwork in the strategic issues committee	10.0	10.0	10.0	50.0	20.0
Strategic issues management is incorporated in our annual plans	0	0	10.0	60.0	30.0
Clear channels of communication exist to disseminate strategic issues to the staff	10.0	0	20.0	50.0	20.0
Strategic issues logs are clear to all the line managers	20.0	10.0	10.0	40.0	20.0



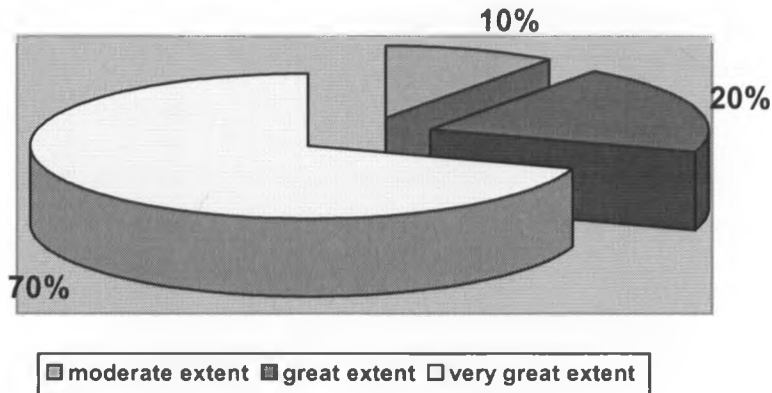
The above table shows the extent to which some factors relating to strategic issue management apply to Safaricom Company in Kenya. The findings were shown in the table and they were analyzed using the mean score to show the rating and the standard deviation to show the level of consensus in the responses.

**Table 15: Descriptive statistics on extent that factors apply to organization**

Statement	Mean	Std dev	Variance
Strategic issue management holds a place in our company	4	1.31	1.72
Strategic issue management is a motivating activity to undertake	4.1	0.99	0.98
The management understands how critical it is to address strategic issues	4.2	0.71	0.50
The resources required to handle strategic issues are adequate	3.4	0.92	0.85
Strategic issues management is allocated ample time by top management	3.4	1.19	1.42
The importance of strategic issues management is clear to everyone in the organization	3.8	1.04	1.08
The top management takes activities interest in the output of strategic issue committee	3.9	1.55	2.40
The strategic issues committee is highly respected and held with high esteem	2.9	1.81	3.28
There is a feeling of teamwork in the strategic issues committee	4.1	1.75	3.06
Strategic issues management is incorporated in our annual plans	4.2	1.36	1.85
Clear channels of communication exist to disseminate strategic issues to the staff	4.1	1.30	1.69
Strategic issues logs are clear to all the line managers	3.8	1.60	2.56

From the table, it can be concluded that Safaricom Company considers strategic issue management as all the factors had their mean score ranging from 2.9 to 4.2, which means that the majority of the respondents considers them as important although the findings also show that the strategic issues committee should be highly respected and held with high esteem as it had the lowest mean of 2.9.

**Figure 18: Worth of strategic issue management in Safaricom**



The study sought to find out the extent to which Safaricom Company in Kenya considers strategic issue management as a project worth investigating in.

The results from the above graph shows that strategic issue management is considered as project worth investigate in to a very great extent by 70% of respondents, 20% viewed it important to a great extent, while 10% viewed it important to a moderate extent.

#### **4.4 Benefits and Challenges of SIM at Safaricom Limited**

The study also sought to investigate the benefits realized as a result of practicing strategic issue management and the respondents suggested that innovation was one of the benefits they derived. They were able to come up with new ways of doing things around them and thinking in new dimensions. Safaricom also remain competitive as a result of strategic issue management, it contributes a lot to the growth of the organization, brand enhancement, and increased in customer number.

The respondents were also requested to give the challenges encountered when implementing strategic issue management in the organization. They were suggested as resistance to change by the employees, inadequate preparation for change, inadequate training in strategy formulation and implementation, inaccurate correlation between markets needs and strategic plans, new competition, change in policy, and lack of total support and fear of change.

# CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

## 5.1 Introduction

From the analysis and data collected the following discussions, conclusions and recommendations were made. The analysis was based on the objectives of the study.

## 5.2 Summary and Conclusions

This study was designed to determine the strategic issue management practiced at Safaricom Limited. The study was also designed to identify the benefits and challenges of strategic issue management at Safaricom. The research findings show that the business/operating environment within the last five years in Safaricom Company was relatively stable which was rated at 100%. Safaricom was also found to have business plans in place to allow adjustments with changes in operating environment. It was also clear that there were some impacts in the organization which were change in top management rated at 70% and number of new services introduced in the market at 50%.

The researcher also found out that strategic issue management was highly practiced in Safaricom Company, which was rated at 70%, and the organization also practices a list of key strategic issues (100%) and also the majority of respondents said that the key strategic issues were prepared annually. The survey also revealed that Safaricom Company do study external and internal environmental trend and also the performance trend, which was rated at 100%. The company is therefore likely to respond very positively to the rapid changes in their operations. The study also revealed that strategic issues management to future success of a company were perceived as very important by 80% of the respondents.

On performance measures in Safaricom, market share was considered as the most important in the organization as was shown by 70% of the respondents, profitability 60%, innovation 60% and also liquidity at 50%. The findings also revealed that the top management response to tackling issues in the organization was very fast as was shown by 70%.

It can be deduced that the company carry out long-term planning, which was rated at 90%. For these Safaricom that carried long term planning, the findings indicated that most of them undertake planning for a period of >3 years shown by 66.7%.

The findings from the study revealed that core competences (80%), needs of target customers (80%), past experiences (70%) and industry policy were the most considered before engaging in strategic issue management. The majority of Safaricom describe the prevailing mode of making critical strategic decisions as the tendency to centralize decision to top manager as shown by 70%.

The majority of the respondents said that the company doesn't perceive and treat strategic plans as urgent and critical issues, which affect the Safaricom between the planning cycles as the same, which was rated at 70%.

The findings revealed that the company was continuously preoccupied throughout the year with checking urgent and critical issue, which may affect their daily operations, which was rated at 80%.

On employee empowerment, the study revealed that in Safaricom, employees are empowered through training (50%) to be able to handle strategic issues in the organization. The results further showed that there was documentation process in the company to handle strategic issues.

To champion strategic issue identification and implementation, the chief executive officer came out as the most responsible in the organization as was shown by 90% of the respondents. The study also revealed that Safaricom had recorded strategic issues objective for the current years (90%) and it had changed these objectives for the last 5 years as was shown by 88.9%.

On the action taken to resolve issue when the target/objectives/benchmarks are not met 87.5% was that that variance was reported to the top management included in the list of issue with an action plan on how the variances would be addressed.

The study also revealed the methods/techniques/practices used to analyse strategic issues. It revealed that the organization use issue impact and ranking method based on SWOT at 70%. It was also found out that the company estimates the urgency of the identified issues (70%), and the company distinguishes those urgent and critical issues are immediately altered to accommodate the issue.

Management was also found to have authority to offer advisory role to a very great extent at 60% and to review strategic issues to a great extent rated at 60%. On Important factors in determining the time taken to make urgent and critical decisions in the organization, the most important factors considered were profitability, changing environment, innovation and industry policy.

On the perception rating of strategic issue management concluded that Safaricom mobile Telephony Company considers strategic issue management in its operations as all the factors had their mean score raging from 2.9 to 4.2. However, the strategic issue committee needs to be highly respected and held with high esteem if the strategic issue management need to be successful as it had the lowest mean of 2.9. The study also revealed that strategic issue

management is considered as project worth to investigate to a very great extent as was shown by 70%.

Benefits realized as a result of practicing strategic issue management innovation, were found to be that the organization remains competitive as a result of strategic issue management, it contributes a lot to the growth of the organization, brand enhancement, and increased in customer number.

There were also some challenges encountered when implementing strategic issue management practices in Safaricom Company which were resistance to change by the employees, inadequate preparation for change, inadequate training in strategy formulation and implementation, inaccurate correlation between markets needs and strategic plans, new competition, change in policy, and lack of total support and fear of change.

### **5.3 Recommendations**

1. From the summary of the findings and the conclusions in this chapter, the researcher can highly recommend strategic issue management as a process of specifying the organization's objectives, developing policies and plans and for the company to achieve this, strategic issue management should be highly implemented in the organization.
2. Organizations need to embrace strategic issue management systems to enhance their capacity to adapt and learn. Organizations also need to continuously monitor strategic issue throughout the year in order to be able to realize the full potential of investing in it.

#### **5.4 Limitations of the Study**

The study suffered from a couple of limitations. Most of the major limitations were related to data collection. The respondents were sceptical about the intentions of the researcher hence took a lot of time to fill in the questionnaires. As the respondents were heads of departments in the organisation, finding the time to fill in the questionnaires was also a problem thus they had to be reminded a couple of times by the researcher to respond. It thus took a lot more time than was earlier estimated to collect the data.

#### **5.4. Areas for further research**

This study focused on strategic issue management in Safaricom Company limited. The study recommends that more descriptive surveys be carried out to determine the strategic issue management practices in the whole industry.



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## APPENDICES

### Appendix 1: Questionnaire

#### Section 1: Company data

1. What is the name of your company?  
.....
2. Please indicate your job title  
.....
3. When was the company started?
4. Kindly indicate the appropriate management and ownership of the company
  - a) Wholly foreign
  - b) Wholly local
  - c) Government
  - d) Individual
  - e) Others (please specify).....

#### Section 2. The Environment

5. How would you describe your business or operating environment with the last five years (please tick one)?
  - (a) Turbulent ( )
  - (b) Relatively stable ( )
  - (c) Irregular ( )
  - (d) Others (please specify) ( )

6. Do you have business plans in place to allow adjustments with changes in the environment (please tick one)      yes ( )    no ( )

7. In year 2006 did the following have any impact on your company  
(Please indicate each according to the estimable impact either major, minor or none)

(i) Major impact    (ii) minor impact    (iii) no impact

a) Change in time taken to make decision

( )

b) Changes in top management ( )

c) Restructuring & Reengineering ( )

d) Number of the new services you introduced into the market ( )

e) Number of your training programmes (or the amount spent on training)

( )

f) Number of promotional campaigns ( )

)

g) Others (please specify)..... ( )

**Section 3: Practices of strategic issue management**

(NB: for all the following, please tick as appropriate).

8. Do you normally study issues, which may affect your operations (both short and long term) coming from the following areas:

(NB: A strategic issue is a forth coming development either inside or outside of the organization which is likely to have an impact on the ability of the enterprise to meet its objectives)

(a) External environment trend      yes ( )      no ( )



- (e) Essential ( )
- (f) Others (specify).....

13. In your view, which is the most important performance measure in your organization? please rank them accordingly to level of importance (1 being the most important and 5 being the least important)

- (a) Profitability ( )
- (b) Market share ( )
- (c) Management of customers ( )
- (d) Liquidity ( )
- (e) Innovation ( )
- (d) Others (please specify) .....

14. How can you rate the top management response to tackling strategic issues in your company?

- (a) Very fast ( )
- (b) Fast ( )
- (c) Sometimes ( )
- (d) Do nothing ( )
- (e) Other (specify) .....

15. Is long term planning carried out in your organization? (Please Tick )

- Yes ( ) No ( )

16. If the answer is yes what is the long term planning horizon?

- (a) Short term < 1 year ( )
- (b) Medium 1- 3 years ( )
- (c) Long term > 3 years ( )



17. How would you rate the following factors before engaging in strategic issue management in your company? (please tick ) (NB 1 being least important and 5 being most important)

	Statement	1	2	3	4	5
a	Opinion of consultants					
b	Other Telecommunication companies					
c	Past experiences					
d	Industry policy					
e	Core competences					
f	Needs of target customers					
g	Others (please specify)					

18. How can you describe the prevailing mode of making critical strategic decisions? (please tick)

- (a) Tendency to centralize decision to top management ( )
- (b) Tendency to delegate decisions to lower management ( )
- (c) Tendency to use interdepartmental committee/task force ( )
- (d) Others (specify).....

19. Does your planning and management team perceive and treat “strategic plans” and “urgent and critical issues (factors)” which affect the company between the planning cycles as the same?      Yes ( )      No ( )

(NB: urgent and critical issues/factors are those perceived problems or happenings which have profound or major impact on the company and they must be acted upon without any delay).

20. Are you continuously preoccupied throughout the year with checking critical urgent and critical issues, which may affect your daily operations?  
Yes ( )      No ( )

21. What structures have been put in place by top management to ensure strategic issues are captured analyzed and implemented?  
(Kindly list them down)  
.....  
.....

22. How are the employees in your organization empowered to handle strategic issues? (please tick)

- (a) Training ( )
- (b) Involvement in identifying solutions ( )
- (c) Excluded ( )
- (d) Others (specify).....

23. Is there a documented process in your company to handle strategic issues?  
Yes ( )      No ( )

24. Who champions the identification and implementation of strategic issues in your company?

(NB: 1 denotes least responsible while 5 denotes most responsible)

	Statement	1	2	3	4	5
A	Chief Executive Officer (CEO)					
B	The General Managers					
C	Business Managers					
D	Supervisors					
E	Consultants					
F	Others (please specify)					

25. Does your company y have recorded strategic issue objectives for the current year?

Yes ( )      No ( )

26. Have you changed those objectives for the last five years?

Yes ( )      No ( )

27. What do you do when the targets / objectives benchmark are not met?

- (a) Report the variance to the management only
- (b) Report to the top management and include it in list of issues to be investigated
- (c) Others (please specify).....

28. Which method/ technique / practice do you use to analyze strategic issues?

(NB: 1; SWOT means analysis of the strengths, weaknesses, opportunities and threats facing the company)

(NB: 2; For the purpose of this question the words method, technique, practice implies the same thing the way you analyze strategic issues:

- (a) SWOT based on current information only
  - (b) Simple environmental impact analysis method based on SWOT (where each issue is analyzed separately without considering the effect of other identified issues.
  - (c) Cross impact analysis method based on SWOT (where various related critical issues are grouped together the likelihood of simultaneous occurrence estimated and hence identify possible future major loss/disaster or future major profit /opportunity
  - (d) Issue impact and ranking method based on SWOT (where critical issues are ranked according to urgency and therefore grouped as to the following urgent issues needing immediate action; those issues not very urgent to be postponed to next year's plans; those issues not very urgent but which need continuous monitoring throughout the year; those issues of lesser importance and hence dropped from the issues list)
  - (e) Euroquip matrix method based on SWOT where the impact /urgency of issues is done after the evaluation of the issues impact and issues urgency. This involves prior and vigorous assessment of whether the strengths and /or weaknesses are applicable to respond to treats/opportunities )
  - (f) Others (please specify).....
- (NB:3; please explain in few words how you execute the method/technique /practice selected above .....

29. Do you estimate the urgency of the above identified issues?

Yes ( ) No ( )

30. Do you distinguish and thus prioritize these issues as :

(a) Those issue not critical issues but require immediate action

Yes ( ) No ( )

(b) Those issues which are not very urgent but needs continuous monitoring throughout the year by a specified officer Yes ( ) No ( )

© Those issues which are not very urgent and therefore postponed to next year plans Yes ( ) No ( )

(d) Other (please specify).....

31. If the answer in (30) (a) above is yes what action do you take on urgent issues requiring immediate action? tick one as appropriate

- (i) Where practical, immediately alter operation plans to accommodate the issue
- (ii) Where the issue is impractical, immediately refer it to top management /special " task execution staff" for further analysis
- (iii) Always wait until the next planning period and incorporate it there
- (iv) Other (please specify).....

To what extent does the company management have authority to the following?  
 (1-Not applicable, 2-to a less extent, 3-to a moderate extent, 4-to a great extent, 5- to a very great extent)

a	Statement	1	2	3	4	5
B	Review of strategic issues					
C	Accept or reject strategic issue proposals					
d	Offer advisory role an strategic issue management process					

### Section 3: Factors impacting on strategic issue management practices

32. How important are the following factors in determining the time taken to make urgent and critical decisions in your organization? Please rank them from 1 to 11 accordingly to the important (NB: 1=most important 11= least important)

- (a) ( ) Company size (no of the employees)
- (b) ( ) Organization structure
- (c) ( ) Majority shareholders
- (d) ( ) Top management
- (e) ( ) Infrastructure (road, telephone etc)
- (f) ( ) Industry competition
- (g) ( ) Employees altitude towards accepting change
- (h) ( ) Amount t of funds involved
- (I) ( ) Innovation
- (j) ( ) Changing environment
- (k) ( ) Profitability
- (l) ( ) Others (specify) and give a ranking

33. To what extent do the following statements apply to your organization? tick where appropriate (1= not applicable ,2=to a less extent 3= to a moderate extent 4=to a great extent , 5=to a very great extent  
(Table on the next page)

	Statement	1	2	3	4	5
a	Strategic issue management holds a place in our company					
b	Strategic issue management is a motivating activity to undertake					
c	The management understand how critical it is to address strategic issues					
d	The resources required to handle strategic issues are adequate					
e	Strategic issues management is allocated ample time by the top management					
f	The important of strategic issue management is clear to every one in the organization					
g	The top management takes active interest in the output of strategic issues committee					
h	The strategic issue committee is highly respected and held in high esteem					
i	There is a feeling of teamwork in the strategic issues committee					
j	Strategic issue management is incorporated in our annual plans					
k	Clear channels of communication exist to disseminate strategic issues to staff					
l	Strategic issue logs are clear to all line managers					

34. To what extent do you consider strategic issue management as a project worth investing in (tick where appropriate)
- (a) Not applicable
  - (b) To a lesser extent
  - (c) To a moderate extent
  - (d) To a moderate extent
  - (e) To a great extent
  - (f) To very great extent

**Section 4: benefits and challenges**

35. List five major benefits realized as result of practicing strategic issue management in your company
36. Kindly list down the main challenges that you have encountered when implementing strategic issue management in your organization

**Thank you very much**



## **Appendix 2: Letter of introduction**

### ***LETTER OF INTRODUCTION***

Date: 20<sup>th</sup> August 2007

### **TO WHOM IT MAY CONCERN**

Dear Respondent,

### **RE: REQUEST FOR RESEARCH DATA**

The bearer of this letter **Julius Onchuru Ochako** Registration No: D61/P/7454/02 is a Master of Business Administration (MBA) student of the University of Nairobi.

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

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.

**Julius Onchuru Ochako**  
ADM/NO.D61/P/7454/02  
Researcher / MBA Student

**James Gathungu**  
University Supervisor  
School of Business  
University of Nairobi.

### Appendix 3: Letter of Authorization



**UNIVERSITY OF NAIROBI**  
**SCHOOL OF BUSINESS**  
**MBA PROGRAM - LOWER KABETE CAMPUS**

Telephone: 4184160 Ext. 208  
Telegrams: "Varsity", Nairobi  
Telex: 22095 Varsity

P.O. Box 30197  
Nairobi, Kenya

DATE... 5<sup>th</sup> October 2007

#### TO WHOM IT MAY CONCERN

The bearer of this letter Mr. Julius Onchuru OCHAKO

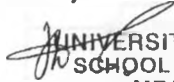
Registration No: D61/P/7454/02

is a Master of Business Administration (MBA) student of the University of Nairobi.

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 if you assist him/her by allowing him/her to collect data in your organization for the research.

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.

  
UNIVERSITY OF NAIROBI  
SCHOOL OF BUSINESS  
MBA OFFICE  
**J.T. KARIUKI**  
CO-ORDINATOR MBA PROGRAM  
NAIROBI

## Appendix 4: Organization Structure

