CHALLENGES OF STRATEGY IMPLEMENTATION IN THE TELECOMMUNICATION INDUSTRY IN KENYA: A CASE OF SAFARICOM LIMITED

BY

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UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

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SUMMER 2015
DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit

Signed: ___________________________ Date: ___________________________

Angel Keter (ID: 623145 )

This project report has been presented for examination with my approval as the appointed supervisor.

Signed: ___________________________ Date: ___________________________

Dr. Juliana M. Namada

Signed: ___________________________ Date: ___________________________

Dean, Chandaria School of Business
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ABSTRACT
The objective of this study was to examine the challenges of strategy implementation in the telecommunication industry in Kenya. The study was guided by these research questions: What are the organizational systems factors affecting strategy implementation in the telecommunication industry in Kenya? What are the governmental regulations factors affecting strategy implementation in the telecommunication industry in Kenya? What are the markets factors affecting strategy implementation in the telecommunication industry in Kenya?

The study adopted a descriptive research design, while stratified sampling was adopted to select the sample size. The study further developed structured questionnaires so as to be able to collect the primary data. These questionnaires were pilot tested before they were fully disbursed to the respondents. The sample size of the study was 125. This formed the basis through which the data was analyzed, this process was thereafter coded and analyzed by use of the SPSS tool in order to generate descriptive statistics as well as inferential statistics. Descriptive statistics included percentages, frequencies while inferential statistics included regression tables.

The study revealed that the strategy implementation in Kenya is faced by a number of internal organization challenges. These included the organization structure, administrative systems as well as the organization leadership. This is an indication that indeed all the organization factors affected the strategy implementation process. It was also revealed that indeed there are government factors that affect strategy implementation in the telecommunication industry in Kenya. These included government licensing, strategic alliances as well as regulations on pricing. This is an indication that indeed all the government factors affected the strategy implementation process of the telecommunication industry in Kenya. Finally the study revealed that there are market factors affecting strategy implementation at Safaricom Kenya. This included market growth rates, first mover advantage and finally market positioning.

The study concludes that the challenges facing strategy implementation included: the organization structure, administrative systems as well as the organization leadership. This is an indication that indeed all the organization factors affected the strategy implementation process. It was also concluded that government licensing, strategic alliances as well as regulations on pricing are the government factors affected the strategy
implementation process of the telecommunication industry in Kenya. Finally the study reveals that market growth rates, first mover advantage and finally market positioning affect strategy implementation.

The study recommends that organization factors that contribute to strategy implementation indeed play a vital role in the success of any organization. The study therefore recommends for the need to have organizations align their organization structure with the administrative systems in a way that will not make it challenging for the organizations in the telecommunication industry to implement their strategies. The study further recommends that the government has a role to play in ensuring that proper legislation is carried out so that the policies put in place do not act as a barrier to effective strategy implementation when it comes to the operations of the firms in the telecommunication industry.
ACKNOWLEDGEMENTS
This thesis would never have been completed without the contribution of many individuals whom I would wish to acknowledge. I would want to thank God for providing me with guidance and good health through my entire research. This is another living testimony that you will bring to pass that which we commit to you. “Great is your faithfulness, oh Lord my Father”.

I acknowledge Dr. Juliana M. Namada, who was a source of invaluable guidance, mentoring and commitment to this study. Their rigorous contributions, dedication, sacrifice and commitment went beyond the call of duty. God is not unfair to forget the good works that you have done and I am certain that He shall continuously bless you and your generations.

My deepest gratitude goes to my family who were the main source of encouragement, potency and support. Special mention goes to my parents for teaching me the value of hard work and for constantly following me up to establish my progress.
DEDICATION

2 Corinthians 9:15

“Thanks be to God for his inexpressible gift!”
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<td>Central Bank of Kenya</td>
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<td>CEO</td>
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<td>Central Organization of Trade Unions</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Rapid development of internet and information technology has driven telecommunication organizations into the era of new competitive business environment (Chong, Chong & Wong, 2007). In the 21st Century of information, telecommunication companies must effectively master information to remain competitive in an increasingly global market; tremendous business opportunities have been created because of liberalization of global communications. Strategy implementation therefore is crucial in the telecommunication industry in Kenya and thus the reason to examine how this process has been undertaken in the Kenyan context.

Strategy implementation is what drives the organization along a conceived path to allow organizations seize and fully exploit the opportunities manifesting in the market place. According to Chetty (2010), the ability to implement strategy is more than even the quality of the strategy itself. According to Neilson, Martin and Powers (2009), well formulated strategies, can only put an organization on a competitive map but only solid execution can keep it there. In their survey it was revealed that three out of five of companies rated weak strategy execution in their specific organizations. Martin (2010) argues that the real value of a strategy can well be seen through execution. In the same regard, Kaplan and Norton (2001), further state that, the ability to implement a strategy is more important than even the strategy itself. This is merely because if a strategy, however good it is if not well executed then its quality is meaningless to the organization.

Successful strategy implementation requires a combination of various aspects. According to Chetty (2010) the six factors that need to be considered in order for an organization to successfully implement its strategy include: obtaining top executive commitment, generating engagement at all levels, communicating a clear tangible strategy, cascading accountabilities, selecting the best people to drive key initiatives, and the ability to monitor and tract progress. The choice of the strategy which the organization uses has to be put in line with the seven factors which are seen to be key when it comes to the implementation of any strategy. These seven elements include the feedback mechanisms
put in place by the organization, as well as the organization leadership, the channels of communication that the organization, the structure of the company as well as the organization culture.

A well-defined Information Communications and Technology (ICT) policy and master plan, showed that for ICT to be used as a vehicle and a winning strategy in assuring successful integration of ICT in enterprises, the challenge that faces the institution is the execution of the strategy. Similarly a study on the perceived importance of strategy implementation in South African organizations, established that strategy implementation is more important than strategy formulation in South African organizations and that the ability to implement a strategy in an organization is more important than the ability to formulate a strategy in an organization (Fourie, 2009).

A study by Bigler (2011) showed that 90 percent of formulated strategies of firms in the USA and Europe are not implemented on time and do not achieve the intended results. Freedman (2013) mentioned that although strategy formulation is glamorous, unfortunately its implementation often gets a short drift. There was another study that was conducted by Charan and Colvin, who stated that close to 80 percent of the respondents who were chief executive officers fail to effectively implement their organization strategy and not the organization strategy itself. In another study conducted in more than 200 organizations it was revealed that more than 70 percent of the company managers were of the opinion that they had the right strategies however only out of these only less than 15 percent were very effective in the implementation of the organization strategy thus helping the organization success. Zagotta and Robinso (2012), further avow that for one to be successful as a CEO of any organization there is need to know that strategy gets you to the starting line but execution is what gets you to the finish line. Hansen, Boyd and Kryder (1998) also conducted a research on the strategy execution problems. They were able to establish three additional strategy execution problems which include the inability to periodically alter the plan or failure to adapt the strategic plan to changes in the business environment, secondly is the deviation from original objectives and finally the lack of confidence about success.

According to Pateman (2008), converting a strategy into results usually requires the coordination of people, operations as well as the strategy. But as the economic, political
and business environments change, the ways in which they are carried out also changes. Leadership, and specifically strategic leadership, is widely described as one of the key drivers of effective strategy execution (Pearce & Robinson, 2007). However, a lack of leadership, by the top management of the organization, has been identified as one of the major barriers to effective strategy execution (Hrebinia, 2005).

It is the duty of the executive to see how well to manage these three aspects in order to successfully execute the strategies. Successful managers understand the need for a sound business strategy and therefore they invest significant time, as well as money and effort in the development of strategies. This however is not a guarantee to improved performance in such organizations. If strategies are not executed properly, there are implications that come as a result of this. In regards to financial implications for instance the organizations are likely to lose on profits as well as on competitive advantage. In a research by the corporate strategy board, it was found that almost 37 percent of the potential value of a strategy is lost during execution (Management Today [MT], 2008).

According to Downes (2011) there are two categories of strategy execution obstacles, which face most companies. He points out internal company problems as well as external problems which are generated by outside forces in the industry, in which the particular company lies. Both internal and external issues are indeed affected by the extent to which companies are as far as the activities regarding the successful launch of strategic initiatives are concerned.

In Kenya research has shown that strategy execution is one aspect that has influenced performance among firms. According to a study by Awino (2011), on selected strategy variables influencing performance in large manufacturing firms there is evidence that strategy competency model provides an environment to enhance corporate performance. There is need for telecommunication companies to come up with effective strategies that help them to remain competitive. This can be well achieved through effectiveness in the process of strategy implementation. Safaricom Limited therefore is not left behind in this endeavor being the leading telecommunication company in Kenya. Initially the government through. Safaricom also leads in revenue base across all industries in Kenya and is the most profitable company in Eastern Africa. Safaricom has retained a market leadership position with the most subscribers despite being relatively expensive compared
to its competitors. Among the core competencies that have created its competitive edge include M-PESA, widespread network coverage and its high speed data technology. The company is the subject of the study as it has sustained competitive advantage over the ten years of operations and this research sought to determine if indeed there exists strategy execution challenges.

1.2 Statement of the Problem

Studies have shown that most firms have failed to properly execute strategies despite having well-articulated strategies. There was a survey which was conducted by the economist, it was revealed that more than 56 percent of the respondent companies were not very much successful in the implementation of the organization strategy in the last three years (Allio, 2009). Another study conducted in China it was established that more than 82 percent of the respondent organizations were not able to effectively implement the organization strategy as a result of the organization process challenges notwithstanding the challenge of strategy flexibility. It can therefore be inferred that strategy implementation is continually becoming a key challenge for organizations in these modern times.

Despite the significance of strategy implementation, it has not attracted a wide research attention (Hrebiniak & Joyce 2005). Raps articulates the lack of academic consideration in the area of strategy implementation, this is emphasized by Otley (2003) who argues that majority of the literature is dominated by a focus on long term planning and the strategic content, rather than the actual execution of strategies. Parise and Cross (2009), also shares this view and attributes the lack of comprehensive literature on strategy execution to the fact that strategy execution is not attractive as a subject area, and further most researchers, find it difficult to investigate this topic, for the fear of having less conceptual models (Aaltonen & Ikavalko, 2011).

This study therefore seeks to establish the strategy implementation challenges faced by the telecommunication industry in Kenya. The study examined three key elements requisite for success strategy implementation. This will be with regards to the internal and external organization factors affecting strategy implementation as well as the available solutions to these challenges.
1.3 Purpose of Study

The purpose of this study was to examine the challenges of strategy implementation in the telecommunication industry in Kenya.

1.4 Research Questions

The research was led on the following research questions:

1.4.1 What are the organizational systems factors affecting strategy implementation in the telecommunication industry in Kenya?

1.4.2 What are the governmental regulations factors affecting strategy implementation in the telecommunication industry in Kenya?

1.4.3 What are the markets factors affecting strategy implementation in the telecommunication industry in Kenya?

1.5 Importance of the Study

1.5.1 Researchers and Academics

The research addressed the gaping need for scholarly studies from the emerging economies and in particular Kenya, on the concept of successful strategy implementation.

1.5.2 Government

The government found the study useful in that it understood exactly what has been going in the telecommunication industry and be able to be proactive in enacting legislation so that it does not stifle the innovation momentum as long as it is beneficial to its citizens and the treasury.

1.5.3 Safaricom and Other Telecom Organizations

The research created awareness on the available effective strategies for creating overall sustained competitive advantage rather than short term that is easily outgrown by competitors. First, understanding of the antecedents of multiple dimensions of strategy implementation that may allow managers to carefully evaluate the trade-offs associated with enhancing strategy implementation. Furthermore, the findings of this study assisted executives of telecommunication firms in evaluating various factors and their fit to strategy implementation process. Finally, insights about the strategic and performance consequences of organization factors on strategy implementation.
1.6 Scope of Study
Strategy implementation is not limited to Safaricom limited only. However, the study was restrictive in scope covering only the telecommunication industry in Kenya. The study was done on Safaricom since it is the leading telecom company in Kenya. The respondents for the study were strategic managers or senior managers involved in strategy execution. The data collection was done between July and August 2015. The scope of this study was also limited to the execution of an existing strategy. This means that this study did not go into more detail on the formation of the strategy to be executed. Strategy execution in turn can be studied from different viewpoints. It was also expected that the study would address other aspects that affect strategy implementation that are not in the scope, among them being the element of the strategic process itself.

1.7 Definition of Terms
1.7.1 Leadership
This includes the actions that create the basic motivation for the actors to act according to the strategy. This includes the “soft” actions necessary so the actor knows what he is supposed to do, is able, and is motivated to do it (Hungler & Wheelen, 2007).

1.7.2 Organization Structure
This consists of lines of authority, reporting and coordination, as well as real and perceived career paths and decision-making authority (Hreibenak, 2005).

1.7.3 Strategic Management
This is defined as but is also regarded to be a science that is concerned with the creation as well as the implementation of an organizations decision to be able to effectively achieve the objectives of the organization (David, 2009).

1.7.4 Strategy Execution
This is the act of implementing the strategic change in the organization that is necessary to implement the strategic intentions (Lambert, 2009).

1.8 Chapter Summary
This has dealt with the background of the problem under study as well as the statement of the problem. Thereafter, research objectives were provided, followed by significance of the study in that order. Chapter two presents the literature review with particular focus on the various challenges that organizations face when implementing their strategies. In
Chapter three, research design, methodology, as well as the data type and the data collection instruments are explained. Chapter four provides the study findings in terms of descriptive and logic regression results based on the study objectives. Chapter five provides a detailed discussion of the findings which was then followed by a detailed conclusion on the basis of the research findings and finally the chapter also presented recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter reviewed relevant literature relating to the internal organization factors affecting strategy implementation in the telecommunication industry in Kenya, the external organization factors affecting strategy implementation in the telecommunication industry in Kenya and finally the available solutions to the challenges of strategy implementation in the telecommunication industry in Kenya.

2.2 Organizational System Factors Affecting Strategy Implementation

2.2.1 Organizational Structure

The structure of the organization is considered to be very essential when it comes to the implementation of the strategy (Heide et.al, 2012). It has been asserted that if an organization seeks to be effective in the process of strategy implementation it needs to craft an effective organization structure. This means therefore that if on the other hand the organization structure is ineffective then it follows that the organization structure acts as a barrier to effective organization structure. According to Drazin and Howard (2009) it is important for an organization to put in place a strategy-structure alignment which is effective so as to effectively implement the business strategies (Noble, 2009). According to them it is important for any organization that wants to remain successful to ensure that they constantly make adjustments to their organizational structure so as to ensure that the organization structure aligns the organization model with the changes in the competitive environment require. According to Schaap (2010) a successful organization always adjusts the organization structure with respect to a perfect strategy so as to make sure that the organization strategy is implemented effectively.

According to researchers it has been argued that the fit between the strategy and structure of a firm leads to better performance because the structure provides the necessary systems and processes essential for successful strategy implementation (Rumelt, 2014). However, it has been also established that at the international there is still no sufficient research that has shown if indeed there is empirical evidence to prove the notion that firms which have been successful in matching the organization strategy with its structure perform better.
than those that have not. In majority of the research conducted, it has only been established that organizations which have been successful in achieving a fit between their strategy and structure are likely to create a significant competitive advantage as compared to other firms in the same market niche, but have ignored the a fit are left vulnerable to external changes and internal inefficiencies (Miles & Snow, 1984). Similarly it has been established that there are a number of ways in which the relationship between the chosen strategy and the organization structure can be defined. This is because of the fact that there exists a prescriptive tradition and the proponents of the prescriptive tradition maintain that structure is dictated by strategy (Chandler & Williamson). Additionally there has been a school of thought that has insisted on the existent of a two way relationship between these variables (Senge, Quinn & Mintzberg).

Scholars such as Burgelman (2013) have gone a long way to make an argument of how different chronologies are likely to come into play given that strategy and structure exist in a reciprocal relationship. Structures are an essential part of strategy implementation (Whittington, 2012). Since the technology and production environments constantly change in even the most stable industries, implementation is an ongoing process rather than a one shot allocation of resources. It is the summation of activities in which people use various resources to accomplish the objectives of the strategy (Higgins & Vincze 2012). Steiner et al (2009) have been of the opinion that implementation of strategies is concerned with the design and management of systems so as to achieve the best integration of people, structures, processes and resources in reaching organizational objectives. Strategy execution is considered to be very crucial when it comes to the success of the organization given that it involves different activities which might take a longer time frame as compared to the strategy formulation, and largely involves more people as compared to what is considered to be greater task complexity, and has a need for sequential and simultaneous thinking on part of managers who are largely involved in the execution of the strategy (Hrebiniak & Joyce, 2011).

2.2.2 Administrative Systems

Administrative systems form one other essential component that is key to the implementation of the strategy. It can however be a challenge to the process of strategy execution if indeed the organization does not go out of this way to put into place and effective administrative system According to Govindarajan (2009) there has been limited
focus when it comes to the design of differentiated administrative systems which are considered to be very crucial when it comes to the process of strategy execution in any business organization. However, this can be managed through three key administrative systems such as the design of organizational structure, design of control systems as well as the most important of them which is the process of selection of managers. It follows therefore that on the basis of these distinctions, it goes without saying how various constellations are mostly put in place. According to a number of research it was established that there has been no relationship established between the business strategy, decentralization, as well as the organization effectiveness.

Govindarajan and Fisher (1990) further hold a belief that indeed the characteristics of the leadership of the day as well as the structural variables notwithstanding the control systems play an essential role as they bring about massive contributions to how a effective a strategy can be. Noble (2009) on the other hand asserts that there is a difference between structural as well as the interpersonal process when it comes to the process of implementing the organization strategy. According to them this process is opined to the formal organizational structure as well as control mechanisms, while the interpersonal process is about understanding issues like strategic consensus, autonomous strategic behaviors, diffusion perspectives, leadership and implementation styles, and communication and other interaction processes.

Literature has shown that there is an existent overriding premise that defines the alignment of the strategy to the organizations structure. This is based on the premise of the existent of certain moderating factors that are likely to affect an optimal strategy–structure alignment and that organizations with a certain strategy–structure configuration may have a higher or lower performance than other organizations with similar strategy–structure configurations (Lengnick-Hall, 2012). It has been established that indeed the structure of the organization cannot be the same for all organizations. It follows therefore that different organizations have different ways of managing the organization structure strategy relationship. This therefore means that if an organization adopts a strategy that does not suit its market niche it follows therefore that such an organization structure acts as an impediment to successful implementation of the organization structure. Ideally one can argue that the challenge posed by the organization structure when it comes to the implementation of the organization strategy cannot be wished away given its huge
magnitude. As such there exist many factors that are likely to go a long way in influencing the success of strategy implementation.

2.2.3 Leadership Style

The influence of the leadership style to any organization is considered to be very massive. This means therefore that the influence of the leadership style when it comes to the implementation of the organization strategy is also crucial. According to Kyarimpa (2009) the leadership style of the organization can be either a blessing or a challenge to an organization strategy implementation. In developing nations the leadership challenge remains real especially if the leadership is ineffective (Harrington, 2006). There is need for the leadership to create new synergies in order to enhance the employees morale. Mintzberg (2010), is of the opinion that the leadership of the organization can on the other hand play an important role when it comes to the effective strategy implementation in any organization. This is because vibrant leaders bring new ideas to the organization which if well embraced by other members of an organization eventually leads to success of an organization and thus effective strategy execution.

There is the role of true leadership in an organization which helps in the effective implementation of the overall organization strategy. This because if an organization is lucky to have true leaders then it goes without saying that such leaders are able to bring into play sufficient experience that goes a long way in bringing out the strengths of the employees in these organizations and therefore motivate them to go out of their way to ensure that they effectively help to implement the organization strategy.

Additionally it has been argued that the business environment in which an organization operates in is becoming very complex and challenging thus making it rather difficult for organizations to effectively implement their strategies. This means therefore that the leadership of these particular organizations need to come out with extra synergies coupled with brilliant ideas that makes such organizations to shine and come out with effective ways of implementing organizations strategies. Such leaders ensure that all employees in the organization share a common bond that unites them together and therefore bring up a sense of solidarity and thus make them to become even more creative in their approach towards effective strategy implementation (Schultz, et al. 2013).
It is also important for the organization to evaluate the role of management diversity when it comes to effective strategy implementation. In some cases management diversity can pose a great threat to effective strategy implementation in that diversity can result in people having divergent opinions that are influenced by the diversity. This means therefore that such differing opinions are likely to bring about confusion and friction among members of the organization and this could result in hurdles that would make it difficult of an organization to effectively implement the organization strategy (Meggitson et al., (2006)).

Harrison (2013) has also put forward an argument that the role of the senior executive management in an organization cannot be ignored when it comes to the implementation of the strategy. This is because if the senior management provides excellence in terms of ideas as well as well as employee engagement practices in all the aspects of the organization practices. It goes without saying that such a leadership influences effective strategy implementation. On the other hand poor leadership is likely to have a powerful negative influence and create dissonance amongst employees (Worley & Doolen, 2006).

According to White (2004) the responsibility of formulating and implementing the strategy lies largely on leaders of an organization. Leaders are the ones who decide what must be done, and then actually figure out how it is going to be done. (Meyer, 2010) reiterates the aspect of leaders having a skill set that allows them to analyze the opportunities and the threats that may exist, both currently and going forward, and thereafter having the ability to analyze the resources and abilities that an organization possesses to deal with those opportunities and threats (Harrison & St John, 2004).

2.3 Governmental Factors Affecting Strategy Implementation

2.3.1 Government Licensing

Government licensing is also considered to be key when it comes to strategy implementation in any organization. The role of government therefore is not simply about the political oversight of the business operations but also come up with sufficient legislation that guides the operations of any business. In this regard it becomes challenging for the government of the day to effectively monitor progress in the industry practice. As such the government can refuse entrance of new players into the market foray by using certain controls that include: licensing requirements among others (Porter, 1998). There are various regulations that can hinder successful implementation of the
various business strategies especially with regards to in industries that fall under government regulatory authorities such as the telecommunication industry. The communication Authority in Kenya for instance can come come up with new rules of the game which might require all players in the industry to abide by. As such it becomes therefore mandatory for the organization to change part of its corporate strategy so as to align itself properly with new regulations. Such occurrences therefore act as a challenge to successful strategy implementation (Oliver, 1997).

One of the most cited theoretical mechanisms on how excessive business regulation affects economic performance and development is that it makes it too costly for firms to engage in the formal economy, causing them not to invest or to move to the informal economy. Doing Business and other related indicators. Bruhn (2011, 2013), among the leading studies employing natural experiments, use quarterly national employment data collected by the Mexican government between 2000 and 2004 and the fact that different regions started implementing business registration reform at different times to identify how the reform affected the occupational choices of business owners in the informal economy.

According to Bruhn (2011) it has been established that certain reforms brought up the number of registered businesses by 5%, which was entirely because former wage employees started businesses—not because formerly unregistered businesses got registered. Bruhn (2011) also established that such reforms were able to result an increase in wage employment by 2% and reduced the income of incumbent businesses by 3% due to increased competition. The political class cannot be ignored when it comes to interference in the way business is conducted in the market. This is because certain political interest can cheap in and force their way into the regulatory function in order to feed their interest. If this is done maliciously then it becomes a challenge for organizations to effectively implement their strategies. Jones (2009) was of the opinion that government licensing can often force significant changes in industry practices as well as strategic approaches. This is well achieved through deregulation given that it limits the activities of competitors in the market in different industries.

2.3.2 Product Pricing

Pricing is an important means by which a firm appropriates value through market-based exchange. If a firm sets a price too low, it may cede some of the value created to the
customer. In contrast, if the firm sets a price too high, then the quantity sold consequently is low. A firm’s ability to set the right prices is an important means of appropriating value and therefore an important determinant of the ability of the firm to generate rents (Dutta, Zbaracki & Bergen, 2003). The development of pricing strategy and the implementation of the strategy, as reflected in the consistency and success of sales efforts and proposals – is often invisible to those outside a firm.

It has been established that most organizations are considered to be reluctant to when it comes to price sharing. This is because of the fear that sharing of such prices can be disadvantageous to most competitors. This mean therefore that in the absence of price information sharing it becomes difficult to effective implement the organization strategies (Jones, 2010). It is surprising therefore that in spite of the large upside available at low risk, very limited organizations are in the pursuit of systematic revenue enhancement through pricing execution. In the event that many companies are currently experimenting with price optimization models, Lynch (2011) is of the opinion that only three percent of the firms it surveyed are attempting pricing execution management.

Pricing continues to remain as one of the most dramatic area when it comes to the process of strategic implementation. This is because of information technology that give companies a new way of setting, optimizing, as well as enforcing pricing changes within the organization. With the best tools, an integrated view of customers, their past purchases, benchmarked pricing by segment and size of purchase, relationship data, and comparison of trends over time – all are available to provide decision support to field sales representatives, sales managers, marketers and general managers. It also means that as a group these new technologies are considered to be ill generally immature, and the companies building them often at early stages of development, the payback from successful implementation is frequently so high that it’s an obvious target for potentially rapid profit improvement (Jones, 2010).

2.3.3 Strategic Alliances

Strategic alliances are considered to be very key when it comes to the implementation of strategies. This is because allow firms to procure assets, competencies or capabilities that are not readily available in competitive factor markets especially when it comes to specialized expertise and intangible assets such as reputation. Alliances allow firms to tap into time compression diseconomies and history dependent competencies that are difficult
to trade in strategic factor markets (Oliver, 1997). Even though competitors are likely to be threats it follows therefore that the right competitors are likely to strengthen rather than weaken the competitive position of any organization in any industry. Additionally it also means that competition is likely to bring into play a variety of strategic purposes that increase a firm’s sustainable competitive advantage and improve the structure of its industry (Porter, 1985).

Wheelen and Hunger (2014), have argued that strategic alliances are likely to bring into play the element of technology and manufacturing capabilities at come into play when an organization engages in strategic alliances with other players in the industry. This is because strategic alliances can bring about a competitive advantage to those organizations that have partnered. On the other side of the coin however, strategic alliances can bring about difficulties in the implementation of the organization strategy if indeed not all the members of the organization are brought into play with regards to the effects of strategic alliances (Jones, 2010).

Even large companies have to be weary about the new trends in the market in order to remain competitive, they need to pull up massive resources from other areas which makes them to achieve competitiveness in the long run. Such companies, along with others that are missing the resources and competitive capabilities needed to pursue promising opportunities have determined that the fastest way to fill the gap is often to form alliances with enterprises having the desired strengths (Thompson, Strickland & Gamble, 2005).

2.4 Market Factors Affecting Strategy Implementation

2.4.1 Market Growth Rate

Market factors have been seen to have an effect on the performance of any organization. This therefore follows that there impact on the implementation of the organization strategy cannot be ignored. Lynch (2000 is of the opinion that technology markets are largely expanding at a very fast rate, which means that there are more opportunities created for new entrants into the market with the desire to reap from the proceeds in the market. This therefore is likely to affect the process of strategy implementation by telecommunication companies as a result of high competition in the market. Porter (1998) is of the opinion that the recognition of the market signals as well as accuracy in reading of these signals is considered to be very crucial when it comes to the development
of competitive strategies for any organization. This therefore means that a careful reading signal from behavior is an essential supplement to competitor analysis.

Another important element that is of concern to the interpretation of the accuracy in signals of the market dynamics is the development of a baseline competitor analysis which is basically an understanding of the future goals of a competitor when it comes to the assumptions about the market and themselves, as well the strategies put in place by the organizations notwithstanding the current strategies and capabilities. Ideally the issue of completion among players in the telecommunication industry. This therefore means that the market signals if are not read properly they are likely to be detrimental to the organization both in the short and the long run. It means therefore that the organization needs to keep forecasting for the future so as to be able to develop strategies to shield their respective organizations from market shocks. Such forecasts mean therefore that the implementation of the organization strategy becomes very challenging because of these dynamisms.

Finally it has been seen that there are industries that are in their initial stages and are therefore faced with huge uncertainties. It means therefore that strategy implementation is always be at the mercy of the market forces, because in the event that the market forces become unfavorable to one particular organization, then it becomes rather challenging for the implementers of the organizations strategy to effectively implement the organizations strategy (Thompson, Strickland & Gamble, 2005).

2.4.2 First Mover Advantage

First mover advantage is likely comes about as a result of the firm being the pioneer in the industry and therefore it is more likely to attain superior positions in geographical space, technological space, as well as the customer perceptual space. Early movers are lucky because they have what it takes to dictate the market prices given that they are dominant in the market by the time they get their products into the market. Ideally the pioneers can be able to preempt superior human resources given their likelihood of retaining existing employees (Lieberman & Montgomery, 1998). Additionally having the ability to be the first in the market makes it easy for you to manipulate the prices in your own favor. This in the end helps you to have a higher yield in terms of profits when; early commitments to new technologies, new-style components as well as the channels of distribution which without a doubt results in advantages in costs as compared to other
rivals; first-time consumers are likely to remain loyal to the commodities being offered in the market because they have already tested the benefits being offered by these company products as compared to if they would have entered the market late (Thompson, Strickland & Gamble, 2005).

Thompson *et al* is also of the opinion that a first mover has also to ensure that they maintain the ability to be fast learners in order to be able to maintain their status. In this regard therefore this aspects pose a great challenge to the implementation of the overall organizations strategy as the organization has to constantly re-strategies so as to deal with the immense pressure of maintain the market position.

In some cases the organizations that have always maintained the speculative approach have been referred to as fast followers, because they have always waited to see the market unfolding before throwing themselves into the fray. This however can be disadvantageous when it comes to the attainment for the competitive advantage. In some cases however fast followers have not been disadvantaged as such because their activities have reaped positive results to their respective organizations, this is especially the case when the fast movers price their goods and services at a high cost, meaning that consumers are left with no option but to go for the late comers in the market but who have reasonably affordable pricing. Additionally in the event that the fast movers cannot be able to match with the rapid changes in technology, it goes without saying that fast followers who are able to match this pace reaps positive results (Jones, 2010).

### 2.4.3 Market Positioning

Market positioning is also considered to be one of the factors that affect the implementation of the organizations strategy. This is because it is ideally on of the most powerful tools which make it easy for any organization to be able to create a positive image. In recent years the telecommunication industry has witnessed increased emphasis when it comes to the creation of the culture of market leadership in that it has enabled organizations to dream of becoming market leaders. Additionally it has become obvious that sound marketing practices have also brought in massive contributions with regards to the organization competitive advantage in the telecommunication sector given that this sector requires high levels of interactions between the market firms and the customers. It follows therefore that such a move brings a challenge to the process of strategy implementation (Ries & Trout, 2010).
A position held by any organization in the market is largely influenced by the perception of the consumers in the market with regards to the products of the organization in the market especially in comparison with the competition in that particular market (Kotler, 1994). Positioning therefore is regarded to be on the competitive marketing tool which is likely to overflow the organization boundaries and therefore goes beyond the brand of an organization. It means therefore that for an organization to be distinguished from competitors, in it has to curve out a market niche so as to prefer firm for a certain market segment. It is establishing and maintaining a distinctive place and image in the market for product offerings in order to make it easier for the target market to be able to bring out an understanding of what the organization stands for in relation to its competitors (Ries & Trout, 2012). Ideally any organization that positions itself favorably within a particular marketplace, as compared to its competition without a doubt earns huge profit margins regardless of average profitability within the market. Competition and profitability pressures mean that firms must be increasingly responsive to market considerations in terms of their positions.

Finally, any organization that succeeds in consumer marketing has to ensure that they get in constant contact with consumers who need the product and who have the ability to acquire the resources to purchase the company products. Ideally these are not likely to simply buy a given that they must be able to buy a total bundle of values of what the market is offering to them. The market offering is mainly comprised of a number of elements that include the product characteristics, distribution channels as well as brand and packaging as well as advertising channels. In this regard therefore it follows that mixing as well as matching these various elements of the market offering when it comes to be an essential as well as an integrated as well as unified is likely to become the most essential focus when it comes to the development of a successful competitive position in the marketplace today (Jones, 2010).

Strategy implementation is considered to be influenced by the best way in which a firm positions itself in the market vis a vis its competition. In the event that a company positions itself well in the eyes of its customers, it goes without saying that such an organization achieves competitive advantage and therefore reaps the fruits of profitability. In this regards therefore it is always important for organization managers to ensure that they always position themselves nicely in a manner that ensures that they look promising
in the eyes of the customers and therefore end up becoming very successful in the long run (Jones, 2010).

Additionally market positioning sometimes come about as a result of an organization having unique resources which are not imitable by any other firm in the same market niche. This unique resource factors positions such firms in a very good place where they can easily draw the attention of consumers and thereafter succeed in enhancing their competitiveness in any market in which they operate. It is against this background that this study sought to examine if indeed market positioning can be effective in dealing with the challenges of strategy implementation in the telecommunication industry in Kenya.

2.5 Chapter Summary

This chapter was mainly focused on the review of literature with regards to the various challenges facing organizations when seeking to implement their strategies. It starts with, reviewed relevant literature relating to the internal organization factors affecting strategy implementation in the telecommunication industry in Kenya, the external organization factors affecting strategy implementation in the telecommunication industry in Kenya and finally the available solutions to the challenges of strategy implementation in the telecommunication industry in Kenya. Chapter three will therefore focus on the research methodology that the research adopted in this study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

In this chapter the research methodology involved establishing whether the factors are present in the organization of study, to what extent and by how much magnitude they inhibit strategy implementation.

3.2 Research Design

Bryman and Bell (2003) are of the view that a research design is simply a framework through which a researcher uses to be able to effectively conduct his or her research. The research design adopted was a cross-sectional case study of Safaricom Limited through quantitative analysis. Quantitative analysis was employed to measure the frequency and magnitude of the various challenges. According to Yin (2003) this type of design is mainly focused on one particular phenomenon.

3.3 Population and Sampling Design

3.3.1 Population

A population is a collection of all the members of a particular unit which the researcher chooses to work with (Cooper & Schindler, 2000). The population of focus in this research was the mainstream employees of Safaricom Limited, the organization of study. The research was concerned with gathering their input concerning challenges to strategy implementation in the company. The target population was two thousand five hundred employees.

3.3.2 Sampling Design

This refers to selecting the target population and selection of the sample (Cooper & Schindler, 2000). The target population in this research was determined by the organization of study in this case: Safaricom employees. A representative sample was then selected from the sum total of employees working in Nairobi which was the subject to study. Not all employees were included in the sampling design because some offer only a support role and are not involved in mainstream activities in the organization.
3.3.3 Sampling Frame
Bryman and Bell (2003), define a sampling frame to be a list which the researcher choses to work with and which in most cases cannot be entirely the whole population under study. The sampling frame included main stream Safaricom employees that are involved in the core business either at the corporate, business or functional levels. The various business units in Safaricom include marketing and communications, customer care, commercial, risk and strategy, information technology, human resources, finance and administration and network operations.

3.3.4 Sampling Technique
According to Cooper and Schindler (2000) a sampling technique is a method of determining the elements in the representative sample. The sampling technique employed was non probability sampling because of the homogeneity of the population and to reduce high refusal rates. In this case, convenience sampling was employed whereby the willingness of the respondents was the key determinant of what constitutes the representative sample.

Despite the fact that there are various divisions in Safaricom, this did not affect the composition of the sample as the type of responsibility and work role an employee is involved in does not change the strategy implementation. Characteristics such as gender, religion, position, and education or income level was not considered as they do not impact on the kind of study being conducted.

3.3.5 Sample Size
The sample size for the study was one hundred and twenty five respondents. The choice was based on the fact that the population is homogeneous and variations in the workforce of the company were less likely to determine their responses. The total number of Safaricom employees working in Nairobi is two thousand five hundred. Mugenda and Mugenda (2003), state that five percent of a population is significant in determining patterns concerning the various challenges that are investigated therefore the sample size for this study was one hundred and twenty five. The population figures were obtained from the human resource department at Safaricom headquarters.
### Table 3.1: Population Distribution Table

<table>
<thead>
<tr>
<th>Department</th>
<th>Distribution</th>
<th>No. of Employees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investor Relations</td>
<td></td>
<td>10</td>
<td>0.4</td>
</tr>
<tr>
<td>Information Technology</td>
<td></td>
<td>130</td>
<td>5.2</td>
</tr>
<tr>
<td>Finance</td>
<td></td>
<td>100</td>
<td>4</td>
</tr>
<tr>
<td>Corporate</td>
<td></td>
<td>40</td>
<td>1.6</td>
</tr>
<tr>
<td>Customer Care</td>
<td></td>
<td>1235</td>
<td>49.4</td>
</tr>
<tr>
<td>Risk Management</td>
<td></td>
<td>50</td>
<td>2</td>
</tr>
<tr>
<td>Marketing and Communication</td>
<td></td>
<td>15</td>
<td>0.6</td>
</tr>
<tr>
<td>Commercial</td>
<td></td>
<td>150</td>
<td>6</td>
</tr>
<tr>
<td>Technical</td>
<td></td>
<td>490</td>
<td>19.6</td>
</tr>
<tr>
<td>Human Resources</td>
<td></td>
<td>140</td>
<td>5.6</td>
</tr>
<tr>
<td>New Products and Services</td>
<td></td>
<td>60</td>
<td>2.4</td>
</tr>
<tr>
<td>Supply Chain and Administration</td>
<td></td>
<td>80</td>
<td>3.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>2500</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

### 3.4 Data Collection Methods

Primary data for the research was collected through use of questionnaires that comprise both closed and open ended questions that sought to measure the frequency of the various challenges to strategy implementation. The questionnaires were crafted in simple language that is clear and understandable especially revolving around the various strategic management principles that were evaluated. Ranking and rating was used that helped to develop scales that were measured to establish significant data for basing valid conclusions on. Ranking was used when evaluating the respective order of challenges while rating was used to establish the magnitude by which the factors inhibit strategy implementation. Questions requiring a simple choice between two options were also used in the drafting of the questionnaire.
3.5 Research Procedures

This refers to the process followed in the course of conducting the research project (Bryman & Bell, 2003). The first step was the preparation of the research proposal followed by the determination of the representative sample and estimation of the budget of costs that were incurred. The data collection instrument was then developed and a pilot exercise conducted to evaluate its effectiveness. The evaluation of the pilot exercise gave leeway to data collection from the field which was followed by analysis and interpretation. The final step was drawing of conclusions and making recommendations coupled with presentation of the findings for implementation to the company.

3.6 Data Analysis Techniques

According to Cooper and Schindler (2000), data analysis involves reducing accumulated data to a manageable size, developing summaries, looking for patterns and applying statistical techniques. Once the data was properly analyzed using descriptive statistics such as percentages to generate the relevant statistics, it was thereafter presented as frequency tables as well as figures.

3.7 Chapter Summary

An explanation the methodology that was used to conduct the research has been provided in this chapter. The research involved descriptive study through a cross sectional case study of the organization of study. The population of focus was the mainstream employees involved in the core business of the company which was derived through non probability sampling in the form of convenience sampling. Data collection was then conducted through the use of questionnaires and analyzed through the determination of percentages, mean, mode, medians and presentation through graphs and charts.
CHAPTER FOUR
4.0 RESULTS AND FINDINGS

4.1 Introduction

Chapter four is mainly concerned with the findings of the study. The first part of the chapter focuses on the background information of the respondents; consequently the section two looks at the organizational systems factors affecting strategy implementation in the telecommunication industry in Kenya. The third section provides coverage of the governmental regulations factors affecting strategy implementation in the telecommunication industry in Kenya. The last section assesses the markets factors affecting strategy implementation in the telecommunication industry in Kenya. Out of the 125 questionnaires that were issued, a total of 120 respondents returned their questionnaires, therefore the response rate was 96 percent.

4.2 Background Information

4.2.1 Gender of the Respondents

As seen in the figure 4.1 62.5 percent of the respondents were male while the remaining 37.5 percent were female.

Table 4.1: Gender of the Respondents

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>87</td>
<td>62.5</td>
</tr>
<tr>
<td>Female</td>
<td>33</td>
<td>37.5</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100</td>
</tr>
</tbody>
</table>

The findings are a revelation that indeed Safaricom practices equal opportunity for all genders when it comes to employment.

4.2.2 Age of the Respondents

Table 4.2 shows that 11 percent of the respondents were of the age 26-30 years. Additionally the study established that 46 percent of the respondents were aged 31-35 years. Also 24 percent of the respondents were aged 36-40 years and then 14 percent were of the age 41-45 years and finally 5 percent were aged above 45 years.
Table 4.2: Age of the Respondents

<table>
<thead>
<tr>
<th>Age in Years</th>
<th>Distribution</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percentage</td>
<td></td>
</tr>
<tr>
<td>26-30 years</td>
<td>15</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>31-35 years</td>
<td>54</td>
<td>46</td>
<td></td>
</tr>
<tr>
<td>36-40 years</td>
<td>27</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>41-45 Years</td>
<td>18</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Over 45 years</td>
<td>4</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

These findings indicate that indeed, Safaricom employees are fairly young individual’s majority of who are below the age of 40.

4.2.3 Level of Education

In the table 4.3 it is evident that a total of 12 percent of the respondents had acquired primary and secondary levels of education respectively. Additionally 50 percent of the respondents, have bachelor’s degrees, 25 percent have masters degrees, as the remaining 13 percent are in a broad category known as others.

Table 4.3: Level of Education

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Distribution</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percentage</td>
<td></td>
</tr>
<tr>
<td>Primary</td>
<td>3</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Secondary</td>
<td>12</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Undergraduate Degree</td>
<td>60</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Masters Degree</td>
<td>30</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>15</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>
This implies that most employee at Safaricom have very high academic qualifications and therefore understand the market dynamics and are therefore well positioned to understand the various business challenges.

4.2.4 Number of Working Years
As presented in table 4.4 it was revealed that 2 percent of the respondents had worked for more than 20 years while 6 percent had worked for 16 and 20 years while 4 percent had worked for 11-15 years as 49 percent as the remaining 26 percent had worked for 1-5 years.

Table 4.4: Number of Working Years

<table>
<thead>
<tr>
<th>Years worked in current company</th>
<th>1-5</th>
<th>6-10</th>
<th>11-15</th>
<th>16-20</th>
<th>Over 20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26%</td>
<td>49%</td>
<td>4%</td>
<td>6%</td>
<td>2%</td>
</tr>
</tbody>
</table>

This implies that most respondents have been moving up the ladder in terms of positions in the organization.

4.3 Organization System Factors
The study sought to establish the organization system related factors that have impacted on strategy implementation. This is analyzed in this subsection.

4.3.1 Organization Structure
As seen in the figure 4.1 majority of the respondents, 50 percent agree that organization structure affects strategy implementation. On the contrary 18 percent, of the respondents disagreed while 32 percent remained neutral on how organization structure affects strategy execution.
50 percent of the employees agree that indeed the organizational structure dictates and positively influences the strategy execution process, and is always realigned to maintain competitive advantage. From the respondents, this shows that this organizational system factor indeed affects strategy implementation in the telecommunication industry.

4.3.2 Administrative Systems

As seen in the figure 4.2 majority of the respondents, 54 percent agree that organization administrative affect strategy implementation. On the other hand 5 percent of the respondents were in strong agreement. On the contrary 10 percent, of the respondents disagreed while 31 percent remained neutral on how administrative systems affect strategy implementation.

59 percent of the employees agree that indeed the administrative system facilitates strategy execution, it is also effective in enhancing coordination among various departments and that a business strategy exists to enhance strategy execution. From the
respondents, this shows that this organizational system factor fairly affects strategy implementation in the telecommunication industry.

### 4.3.3 Leadership Style

Figure 4.3 shows that 6 percent of the respondents strongly agree, 58 percent agree, while 6 percent are uncertain on how leadership style affects strategy implementation at Safaricom. On the other hand 30 percent of the respondents disagree, while 0 percent strongly disagree.

![Bar chart showing leadership style responses](chart.png)

**Figure 4.3: Leadership Style**

64 percent of the employees agree that the leadership style shows equal attention to all functional-level concerns, that effective leadership is key to successful strategy execution and that senior executive management have a significant impact on strategies and performance. From the respondents, this shows that this organizational system factor indeed affects strategy implementation in the telecommunication industry.

### 4.4 Government Factors affecting Strategy Implementation

The study also sought to establish the government factors that have impacted strategy implementation at Safaricom. The following subsection looks at how various questions relating to the influence of government factors were answered to by the respective respondents.

#### 4.4.1 Government Licensing

As seen in the figure 4.4 majority of the respondents, 1 percent were uncertain as 4 percent strongly disagreed while on the other hand 5 percent disagreed as 30 percent
agreed and the remaining 60 percent strongly agreed on how government licensing affects strategy implementation.

Figure 4.4: Government Licensing

90 percent of the employees agree that indeed the government has properly disseminated necessary information that has helped in strategy implementation, that the corporate strategy has been aligned with the benefits associated with government policies and that there is adequate ICT infrastructure put up by the government that has helped in strategy implementation. From the respondents, this shows that this governmental regulation factor indeed affects strategy implementation in the telecommunication industry.

4.4.2 Strategic Alliances

As seen in the figure majority of the respondents, 54 percent agree that indeed strategic alliances affect strategy implementation. 31 percent of the respondents add up also to the numbers who agreed. On the contrary, 6 percent of the respondents disagreed while 9 percent remained uncertain on how strategic alliances affect strategy implementation.

Figure 4.5: Strategic Alliances
85 percent of the employees agree that indeed strategic alliances allow the organization to procure assets that are not readily available, that the right competition can strengthen a firm’s competitive position in many industries and that strategic alliances enhance strategy execution. From the respondents, this shows that this governmental regulation factor indeed affects strategy implementation in the telecommunication industry.

4.4.3 Regulations on Price

As seen in figure 4.6 shows majority of the respondents, 88 percent agree that price regulations affect strategy implementation at Safaricom. Contrary to that, 4 percent of the respondents disagree, while 3 percent strongly disagree as the remaining 5 percent were uncertain.

![Bar chart showing responses to regulation on price](image)

**Figure 4. 6: Regulation on Price**

88 percent of the employees agree that indeed pricing helps to boost brand loyalty, it helps to enhance customer retention and it also helps in strategy implementation owing to consumers perception about the company’s products. From the respondents, this shows that this governmental regulation factor indeed affects strategy implementation in the telecommunication industry.

4.5 Market Factors and Strategy Implementation

The study further sought to establish how market factors affect strategy implementation at Safaricom. Below is a summary of what respondents thought.

4.5.1 Market Growth rate

Figure 4.7, reveals that out of a total number of all the respondents involved in the study, a substantial majority, 65 percent of the respondents were in disagreement about how
market growth rate affects strategy implementation. A total of 22 respondents were in agreement while 13 percent of the respondents remained totally uncertain.

**Figure 4.7: Market Growth Rate**

30 percent of the employees agree that competition from industry players has been a key factor to effective strategy implantation, that technology acceptance by customers has helped the firm to easily implement its strategy and that barriers of entry by new players into the industry has helped to effectively implement its strategy. From the respondents, this shows that this market factor does not really affect strategy implementation in the telecommunication industry.

**4.5.2 First Mover Advantage**

The results of the study further shows that majority of the respondents were in agreement about how being a first mover affects strategy implementation, 60 percent. This was also the case for 10 percent of the respondents who strongly agreed. On the other hand the study revealed that 30 percent were in disagreement.

**Figure 4.8: First Mover Advantage**
70 percent of the employees agree that early entry advantage has been key in the process of strategy implementation, market leadership position has influenced the process of strategy implementation and that high switching cost for customers has helped to effectively implement its strategy. From the respondents, this shows that this market factor indeed affects strategy implementation in the telecommunication industry.

4.5.3 Market Position

As seen in the figure majority of the respondents, 54 percent agree that indeed market position affect strategy implementation as well as 31 percent of the respondents. On the converse 6 percent of the respondents disagreed while 9 percent remained uncertain on how market position affects strategy implementation.

![Market Positioning](image)

**Figure 4.9: Market Positioning**

85 percent of the employees agree that position of company products, position of the company brand and position of the marketing mix helps to successfully implement the company strategy. From the respondents, this shows that this market factor indeed affects strategy implementation in the telecommunication industry.

4.6 Chapter Summary

This chapter present findings on the influence of organization factors. The section that follows presents the study findings on government factors while the final section was on the market factors and how they influence strategy implementation. The next chapter provides the conclusions of the study that were made on the basis of the research objectives. The chapter also presents a detailed discussion of the findings by comparing past studies from the findings obtained in this study.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter is comprised of the summary of findings which provide an insight of the whole research elements. This was followed by a discussion of the findings, which presented a comparison between the current findings and the literature reviewed. The chapter also presents a detailed discussion of the findings by comparing past studies from the findings obtained in this study. Finally the chapter also presents recommendations.

5.2 Summary
The purpose of this study was to examine the challenges of strategy implementation in the telecommunication industry in Kenya. The research questions included: What are the organizational systems factors affecting strategy implementation in the telecommunication industry in Kenya? What are the governmental regulations factors affecting strategy implementation in the telecommunication industry in Kenya? What are the markets factors affecting strategy implementation in the telecommunication industry in Kenya?

The study developed structured questionnaires so as to be able to collect the primary data. These questionnaires were pilot tested before they were fully disbursed to the respondents. The sample size was 125 and this formed the basis through which the data was analyzed, this process was thereafter coded and analyzed by use of the SPSS tool in order to generate descriptive statistics as well as inferential statistics.

The study made use of descriptive statistics as well as inferential statistics specifically the regression analysis. The collected data was then analysed with the help of the SPSS software that generated descriptive statistics as well as regression analysis. This included percentages, frequencies, and regression tables.

The study revealed that the strategy implementation in Kenya is faced by a number of internal organization challenges. These included the organization structure, administrative systems as well as the organization leadership. This is an indication that indeed all the organization factors affected the strategy implementation process.
It was also revealed that indeed there are government factors that affect strategy implementation in the telecommunication industry in Kenya. These included government licensing, strategic alliances as well as regulations on pricing. This is an indication that indeed all the government factors affected the strategy implementation process of the telecommunication industry in Kenya. Finally the study revealed that there are market factors affecting strategy implementation at Safaricom Kenya. This included market growth rates, first mover advantage and finally market positioning.

The study recommends that organization factors that contribute to strategy implementation indeed play a vital role in the success of any organization. The study therefore recommends for the need to have organizations align their organization structure with the administrative systems in a way that does not make it challenging for the organizations in the telecommunication industry to implement their strategies. The study further recommends that the government has a role to play in ensuring that proper legislation is carried out so that the policies put in place do not act as a barrier to effective strategy implementation when it comes to the operations of the firms in the telecommunication industry.

5.3 Discussion

5.3.1 Organization System Factors

The study revealed that the strategy implementation in Kenya is faced by a number of internal organization challenges. Literature done on organization system factors, states that strategy implementation is always anchored on the structure of the organization and it is considered to be a very important factor (Heide et.al, 2012). Emphasis has been put on the fact that an organization has to put up an effective organization structure so that the process of strategy implementation to be effective. An organization structure that is ineffective inhibits and acts as a barrier to strategy implementation. Drazin and Howard (2009) stated that for an organization to effectively implement the business strategies (Noble, 2009) it should put in place a strategy-structure alignment. According to them for all organizations to remain and be successful should regularly adjust their organizational structure so as to ensure that the organization model is always aligned to the changing competitive environment. On the flip side firms that do not realign their structure often perform poorly which gives them a competitive disadvantage. A successful organization
always adjusts the organization structure with respect to a perfect strategy so as to make sure that the organization strategy is implemented effectively (Schaap, 2010).

The findings agreed with researchers on the fact good performance of an organization is achieved by getting a fit between the strategy and structure because the structure provides the necessary systems and processes essential for successful strategy implementation (Rumelt, 2014). However, there is no sufficient literature that has shown that organizations that achieve a fit between the strategy and structure have performed better than those that have not. Miles and Snow however state that an organization that ignores the fit face risks of changes in the external environment and internal inefficiencies as opposed to organizations which have been successful in achieving the fit. Prescriptive tradition maintains that structure is dictated by strategy (Chandler & Williamson, 2007) therefore there are number of ways in which the relationship between the chosen strategy and the organization structure can be defined.

The findings affirmed that the administrative system of an organization is a crucial component that is important in strategy implementation. If an organization does not put into place and effective administrative system it poses as a challenge to the process of strategy execution. According to Govindarajan (2009) there has been limited focus when it comes to the design of differentiated administrative systems which are considered to very crucial to the process of strategy execution in any business organization. Three key administrative systems namely the design of organizational structure, design of control systems as well most importantly the process of selection of managers can be use to manage the process. Various constellations are naturally put in place with the basis of these distinction.

The findings agree with researchers it has been argued that the fit between the strategy and structure of a firm leads to better performance because the structure provides the necessary systems and processes essential for successful strategy implementation (Rumelt, 2014). However, it has been also established that at the international there is still no sufficient research that has shown if indeed there is empirical evidence to prove the notion that firms which have been successful in matching the organization strategy with its structure perform better than those that have not. In majority of the research conducted, it has only been established that organizations which have been successful in achieving a fit between their strategy and structure are likely to create a significant
competitive advantage as compared to other firms in the same market niche, but have
gotten the fit are left vulnerable to external changes and internal inefficiencies (Miles & Snow, 1984). Similarly it has been established that there are a number of ways in
which the relationship between the chosen strategy and the organization structure can be
defined. This is because of the fact that there exists a prescriptive tradition and the
proponents of the prescriptive tradition maintain that structure is dictated by strategy
(Chandler & Williamson). Additionally there has been a school of thought that has
insisted on the existent of a two way relationship between these variables (Senge, Quinn & Mintzberg).

5.3.2 Governmental Factors
It was revealed that indeed there are government factors that affect strategy
implementation in the telecommunication industry in Kenya. These included government
licensing, strategic alliances as well as regulations on pricing. This is an indication that
indeed all the government factors affect the strategy implementation process of the
Telecommunication industry in Kenya. Government licensing is considered to be
important in strategy implementation in any organization. The government is tasked with
coming up with sufficient legislation that guides the operations of any business.
Organizations that fall under government regulatory authorities face challenges in
successful implementation of business strategies. For example the telecommunication
industry falls under the communication authority of Kenya which in this case if the body
sets up new rules, all the players in the telecommunication industry have to change part of
its corporate strategy. It is not easy to do so and thus acts as a challenge to successful
strategy implementation (Oliver, 1997).

The findings also affirmed that pricing is an important factor in the strategy
implementation process. Value created to the customer is normally given up when an
organization sets its prices too low. On the other hand an organization achieves low sales
when a firm sets its prices too high. An important means of appropriating value is an
organizations ability to set the right prices and therefore an important determinant of the
ability of the firm to generate rents (Dutta, Zbaracki & Bergen, 2003). The development of
pricing strategy and the implementation of the strategy, as reflected in the consistency and
success of sales efforts and proposals – is often invisible to those outside a firm. It was
also was established that most organizations are considered to be reluctant to when it
comes to price sharing. The absence of price sharing makes it difficult to effectively implement organization strategies (Jones, 2010). Not many organizations are in a quest for systematic revenue enhancement through pricing execution. Lynch (2011) says that only three percent of the firms it surveyed are attempting pricing execution management.

Finally the findings agreed with Wheelen and Hunger (2014) that technology and manufacturing capabilities are gained when engages in strategic alliances with other players in the industry. It is clear that organizations get a competitive advantage when they partner with other players because capabilities are doubled and strengthened. On the other side of the coin however, strategic alliances have disadvantages for example it can bring about difficulties in the implementation of the organization strategy if not all the members of the organization are brought into play with regards to the effects of strategic alliances (Jones, 2010). Difficulties may also arise in the implementation of strategies because of the different cultures in either organization, may bring up disagreements.

5.3.3 Market Factors and Strategy Implementation

Finally the study revealed that there are market factors affecting strategy implementation at Safaricom Kenya. This included market growth rates, first mover advantage and finally market positioning. Market factors have been seen to have an effect on the performance of any organization. This therefore follows that there impact on the implementation of the organization strategy cannot be ignored. Lynch (2000 is of the opinion that technology markets are largely expanding at a very fast rate, which means that there are more opportunities created for new entrants into the market with the desire to reap from the proceeds in the market. This therefore is likely to affect the process of strategy implementation by telecommunication companies as a result of high competition in the market. Porter (1998) is of the opinion that the recognition of the market signals as well as accuracy in reading of these signals is considered to be very crucial when it comes to the development of competitive strategies for any organization. This therefore means that a careful reading signal from behavior is an essential supplement to competitor analysis.

Another important element that is of concern to the interpretation of the accuracy in signals of the market dynamics is the development of a baseline competitor analysis which is basically an understanding of the future goals of a competitor when it comes to the assumptions about the market and themselves, as well the strategies put in place by the organizations notwithstanding the current strategies and capabilities. Ideally the issue
of completion among players in the telecommunication industry. This therefore means that the market signals if are not read properly they are likely to be detrimental to the organization both in the short and the long run. It means therefore that the organization needs to keep forecasting for the future so as to be able to develop strategies to shield their respective organizations from market shocks. Such forecasts mean therefore that the implementation of the organization strategy becomes very challenging because of these dynamisms.

Thompson et.al is also of the opinion that a first mover has also to ensure that they maintain the ability to be fast learners in order to be able to maintain their status. In this regard therefore this aspects pose a great challenge to the implementation of the overall organizations strategy as the organization has to constantly re-strategies so as to deal with the immense pressure of maintain the market position. Another important element that is of concern to the interpretation of the accuracy in signals of the market dynamics is the development of a baseline competitor analysis which is basically an understanding of the future goals of a competitor when it comes to the assumptions about the market and themselves, as well the strategies put in place by the organizations notwithstanding the current strategies and capabilities.

The findings also affirm that first mover advantage is likely comes about as a result of the firm being the pioneer in the industry and therefore it is more likely to attain superior positions in geographical space, technological space, as well as the customer perceptual space. Ideally the pioneers can be able to preempt superior human resources given their likelihood of retaining existing employees (Lieberman & Montgomery, 1998). Additionally early commitments to new technologies, new-style components as well as the channels of distribution which without a doubt results in advantages in costs as compared to other rivals.

The findings also agree with a study Bigler (2011) which showed that 90 percent of formulated strategies of firms in the USA and Europe are not implemented on time and do not achieve the intended results. Freedman (2013) mentioned that although strategy formulation is glamorous, unfortunately its implementation often gets a short drift. There was another study that was conducted by Charan and Colvin, who stated that close to 80 percent of the respondents who were chief executive officers fail to effectively implement
their organization strategy and not the organization strategy itself. In another study conducted in more than 200 organizations it was revealed that more than 70 percent of the company managers were of the opinion that they had the right strategies however only out of these only less than 15 percent were very effective in the implementation of the organization strategy thus helping the organization success.

In the same regard the findings also agree with Robinson (2012), who argued that for one to be successful as a CEO of any organization there is need to know that strategy gets you to the starting line but execution is what gets you to the finish line. Hansen, Boyd and Kryder (1998) also conducted a research on the strategy execution problems. They were able to establish three additional strategy execution problems which include the inability to periodically alter the plan or failure to adapt the strategic plan to changes in the business environment, secondly is the deviation from original objectives and finally the lack of confidence about success.

Finally the findings affirm that market positioning is also considered to be one of the factors that affect the implementation of the organizations strategy. This is because it is ideally one of the most powerful tools which make it easy for any organization to be able to create a positive image. In recent years the telecommunication industry has witnessed increased emphasis when it comes to the creation of the culture of market leadership in that it has enabled organizations to dream of becoming market leaders. Additionally it has become obvious that sound marketing practices have also brought in massive contributions with regards to the organization competitive advantage in the telecommunication sector given that this sector requires high levels of interactions between the market firms and the customers. It follows therefore that such a move brings a challenge to the process of strategy implementation (Ries & Trout, 2010).

A position held by any organization in the market is largely influenced by the perception of the consumers in the market with regards to the products of the organization in the market especially in comparison with the competition in that particular market (Kotler, 1994). Positioning therefore is regarded to be on the competitive marketing tool which is likely to overflow the organization boundaries and therefore goes beyond the brand of an organization. It means therefore that for an organization to be distinguished from competitors, in it has to curve out a market niche so as to prefer firm for a certain market segment. It is establishing and maintaining a distinctive place and image in the market for
product offerings in order to make it easier for the target market to be able to bring out an understanding of what the organization stands for in relation to its competitors (Ries & Trout, 2012). Ideally any organization that positions itself favorably within a particular marketplace, as compared to its competition without doubt earns huge profit margins regardless of average profitability within the market. Competition and profitability pressures mean that firms must be increasingly responsive to market considerations in terms of their positions.

5.4 Conclusions

5.4.1 Organization Related Factors and Strategy Implementation

The study concludes that the strategy implementation in Kenya is faced by a number of internal organization challenges. These included the organization structure, administrative systems as well as the organization leadership. This is an indication that indeed all the organization factors affected the strategy implementation process. The findings further concludes that The findings agreed with researchers on the fact good performance of an organization is achieved by getting a fit between the strategy and structure because the structure provides the necessary systems and processes essential for successful strategy implementation. It was finally concluded that the administrative system of an organization is a crucial component that is important in strategy implementation. If an organization does not put into place and effective administrative system it poses as a challenge to the process of strategy execution.

5.4.2 Government Factors and Strategy Implementation

The study further concludes that indeed there are government factors that affect strategy implementation in the telecommunication industry in Kenya. These included government licensing, strategic alliances as well as regulations on pricing. This is an indication that indeed all the government factors affected the strategy implementation process of the telecommunication industry in Kenya. The study further concludes that organizations that fall under government regulatory authorities face challenges in successful implementation of business strategies. Finally it was concluded that that technology and manufacturing capabilities are gained when engages in strategic alliances with other players in the industry. It is clear that organizations get a competitive advantage when they partner with other players because capabilities are doubled and strengthened.
5.4.3 Market Factors and Strategy Implementation

Finally the study concludes that there are market factors affecting strategy implementation at Safaricom Kenya. This included market growth rates, first mover advantage and finally market positioning. In the same regard, it creates business opportunities for new entrants in the market look more attractive. The study further concludes that market positioning enables an organization to create a positive image and thus it is a powerful tool. Finally the study concludes that organization needs to constantly source feedback from customers in order to succeed in consumer marketing and should also often contact promising customers.

5.5 Recommendations

5.5.1 Organization Related Factors and Strategy Implementation

The study recommends that organization factors that contribute to strategy implementation indeed play a vital role in the success of any organization. The study therefore recommends for the need to have organizations align their organization structure with the administrative systems in a way that does not make it challenging for the organizations in the telecommunication industry to implement their strategies.

5.5.2 Government Factors and Strategy Implementation

The study recommends the need for government to get involved in the process of strategy implementation so as to enhance the chances of the organizations to thrive in the turbulent environment which is becoming competitive given that they operate in environment full of challenges. The government needs to put into place legislation that ensures that they create an environment that is conducive for all telecommunication companies in Kenya and not just Safaricom.

5.5.3 Market Factors and Strategy Implementation

The telecommunication industry is indeed a growing industry as far as technological acceptance is concerned. It is therefore important for organizations to consider adopting the market positioning strategies established in the study in order to enhance growth. The study also recommends for lobbying by the various players in the industry in order to find solutions to the various legislations that have acted in a manner to undermine the performance of the industry that aids in strategy implementation.
5.6 Recommendation for Further Research
The study recommends the need for future researchers to look at the challenges faced by other telecommunication companies when they strive to implement their strategies, other than Safaricom which was the focus for this particular study.
REFERENCES


Retrospective and link with the Resource-Based View’, *Strategic management Journal*, 19 (12), pp. 11-25


APPENDIX 1: LETTER OF INTRODUCTION

Hi all,

My names are Angela Chebet Keter, a student from the United States International University. I am here to conduct a research on challenges of strategy implementation in the telecommunication industry in line with my MBA program. Safaricom Limited was chosen as the organization to do a research on because it is a leading telecom company and is believed to show great insight on the challenges of strategy implementation.

There are four sections and very little of your time will be needed. Your cooperation will be highly appreciated. Thankyou.

Kind Regards,

Angela Keter.
APPENDIX 2: QUESTIONNAIRE

SECTION A
GENERAL INFORMATION

Please select the most appropriate response that applies.

1. Age in years
   A. Below 25
   B. 26 – 30
   C. 26 – 40
   D. 41 – 35
   E. 45 and above

2. Education level
   A. Secondary School graduate
   B. Diploma Holder
   C. Graduate
   D. Master Degree
   E. Other

3. Number of Years as at Safaricom
   A. 1 – 3 years
   B. 4 – 7 years
   C. 8 – 11 years
   D. 12 – 15 years
   E. Above 15 years
SECTION B
ORGANIZATION SYSTEM RELATED FACTORS AFFECTING STRATEGY IMPLEMENTATION

Using a scale of 1 – 5 tick the appropriate answer from the alternatives provided for each of the alternative solutions to the challenges of strategy implementation. **1.Strongly Disagree 2. Disagree 3. Uncertain 4. Agree 5. Strongly Agree**

<table>
<thead>
<tr>
<th>Organization system factors</th>
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<th>2</th>
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<td><strong>Organization Structure</strong></td>
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<td>1. Strategy execution is dictated by the organization structure</td>
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<td>2. The organizational structure positively influences the strategy execution process</td>
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<td>3. The organization always makes realignment to the organizations structure to always have a competitive advantage</td>
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<td><strong>Administrative System</strong></td>
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<td>4. The administrative system facilitates strategy execution</td>
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<td>5. There is a business strategy to enhance strategy execution</td>
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<td>6. The administrative system is effective in enhancing coordination among various departments in the organization</td>
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<td><strong>Leadership Styles</strong></td>
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<td>7. The leadership style shows equal attention to all functional-level concerns</td>
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<td>8. Effective leadership is key to successful strategy execution.</td>
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<td>9. Senior executive management have a significant impact on the strategies and performance</td>
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Please state any other organization system related factors that affect strategy implementation in your organization
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SECTION C
GOVERNMENT FACTORS AFFECTING STRATEGY IMPLEMENTATION

Using a scale of 1 – 5 tick the appropriate answer from the alternatives provided for each of the alternative solutions to the challenges of strategy implementation. 1. Strongly Disagree 2. Disagree 3. Uncertain 4. Agree 5. Strongly Agree

<table>
<thead>
<tr>
<th>Government Factors</th>
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<td>Government licensing</td>
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<td>10. The government has properly disseminated necessary information that has helped in strategy implementation</td>
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<td>11. The corporate strategy has been aligned with the benefits associated with government policies</td>
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<td>12. There is adequate ICT infrastructure put up by government that has helped in strategy implementation</td>
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<td>Strategic Alliances</td>
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<td>13. Strategic alliances allow the organization to procure assets that are not readily available</td>
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<td>14. The right competitors can strengthen a firm’s competitive position in many industries.</td>
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<td>15. Strategic Alliances enhance Strategy execution</td>
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<td>Regulations on Price</td>
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<td>16. Pricing helps to boost brand loyalty</td>
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<td>17. Pricing helps to enhance customer retention</td>
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<td>18. Pricing helps in strategy implementation owing to consumers perception about the company’s products</td>
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Please state any other government related factors that affect strategy implementation in your organization

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SECTION D

MARKET FACTORS AFFECTING STRATEGY IMPLEMENTATION

Using a scale of 1 – 5 tick the appropriate answer from the alternatives provided for each of the alternative solutions to the challenges of strategy implementation. 1. Strongly Disagree 2. Disagree 3. Uncertain 4. Agree 5. Strongly Agree

<table>
<thead>
<tr>
<th>Market Factors</th>
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<th>2</th>
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<td>Market Growth Rate</td>
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<td>19. Competition from industry players has been a key factor to effective strategy implementation</td>
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<td>20. Technology acceptance by customers has helped the firm to easily implement its strategy</td>
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<td>21. Barriers of entry by new players into the industry has helped to effectively implement its strategy</td>
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<td>First Mover Advantage</td>
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<td>22. Early entry advantage has been key in the process of strategy implementation</td>
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<td>23. Market leadership position has influenced the process of strategy implementation</td>
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<td>24. High switching costs for customers has helped to effectively implement its strategy</td>
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<td>Market Position</td>
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<td>25. Position of company products helps to successfully implement the company strategy</td>
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</table>
26. Position of the company brand helps to successfully implement the company strategy

27. Position of the marketing mix helps to successfully implement the company strategy

Please state any other market related factors that affect strategy implementation in your organization

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2. ..........................................................................................................................

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THANK YOU