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Impact of Strategic Choices on the Implementation of Mergers and Acquisitions in the Telecommunication Sector in Kenya

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Abstract:

Mergers and acquisitions in business and corporate world are becoming inevitable with the increased globalization of trade. The objective of this project study was to examine the impact of strategic choices on the mergers and acquisitions in the telecommunication sector in Kenya with special reference to Telkom (K) Ltd. The study was guided by the following research questions: What are the organizational systems affecting strategic choices on the implementation of mergers and acquisitions in the telecommunication sector in Kenya? To what extent do the governmental regulations affect strategic choices on the implementation of mergers and acquisitions in the telecommunication sector in Kenya? What is the motivation of creation of mergers and acquisitions in the telecommunication sector in Kenya? Both quantitative and qualitative research approaches were used for this study. Descriptive survey method was adopted. The study population included employees working at Telkom (K) Ltd. Stratified sampling technique was used to select the right sample size. There were approximately 1140 employees working at Telkom (k) Ltd in Nairobi County. A sample size of 125 employees were selected to participate in the study, and 32 senior and branches managers were the key informants interviewed for this study. Primary data was collected using self-administered questionnaires while structured interviews were conducted with senior managers and branch managers. Quantitative data was coded and analyzed by use of the Statistical Package for Social Sciences (SPSS) which helped to generate descriptive statistics as well as inferential statistics. While qualitative data generated from the interviews and open ended questions was presented in narratives and was organized according to various subtopics. The major research finding was that, organization factors that contribute to strategy choices play a vital role in the success of any organization. The study recommends 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 choices and implementation of mergers and acquisitions when it comes to the operations of the firms in the telecommunication industry.

Keywords: *Mergers and acquisitions, organizational systems, strategic alliances, telecommunication sectors, Telkom (K) Ltd*

1. Background of the Study

Merger and acquisition strategies are an important strategic option for firms pursuing diversification strategies (Barney, 2001). Although mergers and acquisitions are increasingly becoming popular strategic options for consolidation among Internet Service Providers, the outcomes are often disappointing. The context of mergers and acquisitions combinations may have changed, but the results are no better today than they were a decade ago. Now, like then, fewer than 20 per cent of them achieve their desired financial or strategic results. Many factors account for this unsatisfactory track record, such as engaging for the wrong reason, selecting the wrong partner or merging at the wrong time. However, as mergers and acquisitions tend to be extremely well planned in terms of financial and legal aspects, most unsuccessful

outcomes among Internet Service Providers are related to more soft issues. A significant reason for failure is lack of appropriate management during creation and implementation of mergers and acquisitions integration process (Pablo, 1994).

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). Despite the significance of strategy choice on the implementation of merger and acquisition, it has not attracted a wide research attention (Hrebiniak & Joyce 2005). This study therefore seeks to establish the impact of strategic choices on the implementation of mergers and acquisitions in the telecommunication sector in Kenya.

1.1. Concept of Mergers and Acquisitions

Mergers and Acquisitions in the current globalized world is common term in the corporate world. Other terms that appears on M&A literature include, takeovers, buyouts, joint ventures and divestitures. Although, there is a significant difference between mergers and acquisitions the terms are often used interchangeably in most literature. This is highlighted by Trimbath (2002) who notes that the terms mergers and acquisitions are often confused in most literature. The difference between the two terms is noted by Seethanaik (2015) who defines a merger as the "combining of two or more companies, generally by offering the stockholders of one of the company the securities in the acquiring company in exchange for the surrender of their stock. A simpler definition of a merger is given by Sharma and Verma (2017) who define it as a "process under which two or more companies combined in a single company may be, a stronger or new company. Sharma and Verma (2017) further indicates that merger is a negotiated deal in which the interest of all parties are taken into consideration. However, Sudarsanam is of the view that in a merger one company typically gains more control, and there is commonly a sense of being defeated on the part of the small company. On the other hand, Seethanaik, (2015) defines an acquisition as "the purchase of one business or company by another company or other business entity". Sharma and Verma, (2017) opines acquisition is one decision of acquiring a company. Technically, these terms bear the same meaning but in more convoluted terminology. Thus a "merger" to lawyers is a transaction in which two or more corporations combine under the company law with the result that all but the one of the participating corporations loses its identity (Fox, 2004). Seethanaik, (2015) opines that Mergers and Acquisition are both aspects of strategic management, corporate finance and management dealing with buying, selling, dividing and combining of different companies. And similar entities that can help an enterprise grow rapidly in its sector or location of origin or new field.

1.2. Related Studies

Various authors, scholars and business leaders, have continued to research and write on M&A in organisations. Many works exist on M&A in different sectors such as finance, higher education, telecoms, among others and the rationale behind the mergers and acquisitions. Warf (2003) opines that, mergers, acquisitions, takeovers and buyouts have become widespread in numerous industries in the late twentieth century, leading to the largest wave of corporate consolidation in history. There is silent agreement among researchers and authors, Misigah (2010); Njoroge, (2007); Otieno (2009); Warf, (2003) Seethanaik, (2015) , that M&A is motivated by various factors such as growth, competitiveness, synergy, shareholder value, expansion into new product lines, globalization and technological changes, among others. M&A has had a profound impact on organizations and enterprises in different sectors. This view is reinforced by Warf (2003) who notes that, the enormous wave of mergers and acquisitions in the 1990's dramatically reconfigured the market structure of global telecommunication. A study by Seethanaik, (2015) on merger and acquisitions in telecom industry in India analyzed, Idea's Cellular's acquisition of Spice communication and examined it effect of the merger on wealth of shareholders of both companies by comparing pre-post and post merge financial ratios and the behavior of shares. According to Seethanaik, (2015), the results failed to support the fact that value is created for the shareholders of the merging entities. The study by Seethanaik, (2015) highlights the case scenario of merger and acquisitions in telecommunication sector in India. Misigah, (2010) study of effects on mergers and acquisitions on growth of commercial banks in Kenya observed the mergers were most common in the Kenya markets, with mergers been horizontal, vertical, concentric or conglomerate. Although. Misigah, (2010) observed that majority of the mergers in the banks were horizontal. Misigah (2010) revealed that the reason why banks went for mergers was to increase growth in shareholder value, growth in profitability, achievement in synergy, and growth in assets. This was in contrast with Seethanaik, (2015) study which results failed to support the fact that value is created for the shareholders of the merging entities

1.3. Purpose of Study

The main objective of the study was to assess the impact of strategic choices on the implementation of mergers and acquisitions in the telecommunication sector in Kenya. The research was guided by the following research questions:

- What are the organizational systems affecting strategic choices on the implementation of mergers and acquisitions in the telecommunication sector in Kenya?
- To what extent do governmental regulations affect strategic choices on the implementation of mergers and acquisitions in the telecommunication sector in Kenya?
- What is the motivation of creation of mergers and acquisitions in the telecommunication sector in Kenya?

1.4. Research Design Methodology

The study was done in Nairobi County, Kenya. Nairobi County occupies an estimated 693.6 Sq. Km. Nairobi County is made up of 9 Sub-Counties that include, Langata, Dagoretti, Kasarani, Embakasi, Njiru, Madaraka, Starehe, Kamukuiji, Westlands. The study was carried at Telkom (K) Ltd. The company has branches in all the 47 Counties of Kenya, There are 19 Telkom (K) branches within Nairobi County.

Both quantitative and qualitative research approaches were adopted for this study. The study population included the mainstream employees of Telkom (K) Ltd, working in various branches within Nairobi County. Mainstream employees in this study implies staff who are directly employed by Telkom (K) excluding employees outsourced for different services from other companies such as cleaners, financial agents, marketers, among others working within Telkom (K) Ltd offices. Stratified sampling technique was used to select samples from the target population. The total number of employees working in Nairobi County were approximately 1140. Out 1140 employees, (n=125) employees were selected to be part of the study sample translating to 11% of the target population, with a margin error of 7% and confidence level of 90%. Mugenda and Mugenda (2003) is of the view that, a sample size of 10-30% of accessible population is enough in a descriptive survey. In line with Mugenda and Mugenda (2003) opinion the 11% sample size accessible is representative enough for the current study. There were 32 senior managers and branch managers in Telkom (K) Ltd working within Nairobi County. All the 32 seniors' managers and branch managers were selected to be interviewed for the research. Out of the 32 sampled, only (n=19) were successfully interviewed translating to 59.3%. The study used both self-administered questionnaires and interviews as it data collection method. SPSS Software was used to analyze quantitative data. Descriptive statistics such as percentages, simple means, frequencies and analysis of variance (ANOVA) were determined. Qualitative data collected through interviews on the other hand was categorized according to the themes in the interview schedule. Once the data was properly analyzed it was thereafter presented using graphical presentation including, bar graphs, frequency distribution tables, pie charts and tables and narratives.

2. Discussion of the Research Findings, Conclusions and Recommendations

The following section gives discusses the research findings. The salient findings are summarized according to the respective research questions and are organized according to the following subtopics/themes:

- General background information
- Organization systems factors
- Government factors affecting strategies
- Motivation of creation of mergers and acquisitions
- Challenges experienced.
- Conclusion and recommendations

2.1. Background Information

This section presents the background information of the respondents. It discusses the following; response rate, gender distribution, age of the respondents, level of education, their working experience and years of service.

2.1.1. Response Analysis

According to the research findings 64% of the respondents filled and returned the questionnaires while, 36% did not return the questionnaires. A total of 32 senior and branch managers were selected to be interviewed for this study. Out of the 32, a total of 19 senior and branch managers were successfully interviewed translating to 59.3% response rate. Although, 13 senior managers and branch managers had agreed to be interviewed they did not honor their appointments translating to 40.7% non-response rate. This could be attributed to their busy schedules. According to Mugenda and Mugenda (2003) a response rate of 50% is sufficient for analysis, 60% is good and 70% is excellent. Thus this response rate was considered acceptable for the study.

2.1.2. Gender Response

The findings of the study revealed that, those who participated in the study were 64% male and 36% female. This was an indication that there were more male employees working at Telkom (K) Ltd than female. This finding was in agreement with a study by Misigan (2012); Kangetta and Karai (2014) which also revealed that majority of the participants were male while female were few. These studies revealed that there exists disparity in formal employment in Kenya. According to the studies majority of employees in formal employment are men.

2.1.3. Age Bracket

According to the findings majority of the respondents 36 (45%) were between the age of 25 - 35 years. A sizeable number (19) 23% were below 25 years, while 36 years and above were (25) 32%. The study deduces that majority of the respondents were aged between 25 – 35 years. The employees of the organization are mature enough based on the current findings and could handle the organization operations.

The interviews with senior and branch managers revealed that, majority were above the age of 36. According to the finding 15 out of 19 managers were above 36 years translating to 79% while, only 4 senior managers were the aged between 25-35 years translating to 21% of managers who were below 36 years. An indication that majority of senior positions in Telkom (K) are held by mature people.

2.2. Level of Education

The findings revealed that Telkom (K) Ltd has qualified staff. According to the findings majority of the employees are graduates. Of those who had degrees were 48%, diploma were represented by 20%, those with post graduate degrees were represented by 21% while, only 11% had O-level qualification. This implies that majority of employees in Telkom (K) Ltd had high academic qualifications and therefore understood the market dynamics and are therefore well positioned to work in various business operations.

The interviews with the senior and branches managers revealed that 17 out of 19 managers had post graduate degrees and above translating to 89%, while only 2 who had first degree translating to 11%. This was an indication that senior management positions in Telkom (K) were held by people with higher level of academic qualifications.

2.2.1. Experience Level

Based on the findings, the experience level of the employees in the organization was; 22% of the respondents had worked for 1 – 4 years, 16% had worked for 4 – 7 years, 24% had worked for 7 – 10 years, while those who had worked for more than 10 years were 38%. According to findings majority of the employees had worked in Telkom (K) Ltd for more than 4 years. This was an indication that the information gotten from employees could be relied upon since they had worked for the company for several years and had vast knowledge of the organization operations.

2.2.2. Organization System Factors

Guided by the following research question "What are the organizational systems affecting strategic choices on the implementation of mergers and acquisitions in the telecommunication sector in Kenya?". The study sought to establish the organization systems related factors that had an impact of strategic choices on the implementation of mergers and acquisitions. This is analyzed in this subsection.

2.2.3. Strategy Execution Is Dictated by the Organization Structure

A substantial number of respondents 30% believed that, to a very large extent strategy execution is dictated by the organization structure, 20% believed the strategy execution is dictated by the organization structure to a large extent. 26% were of view that, it was dictated to only a small extent while, 8% believed strategy execution was dictated by organization structure to small extent, of the respondents that participated 16% thought it was moderate.

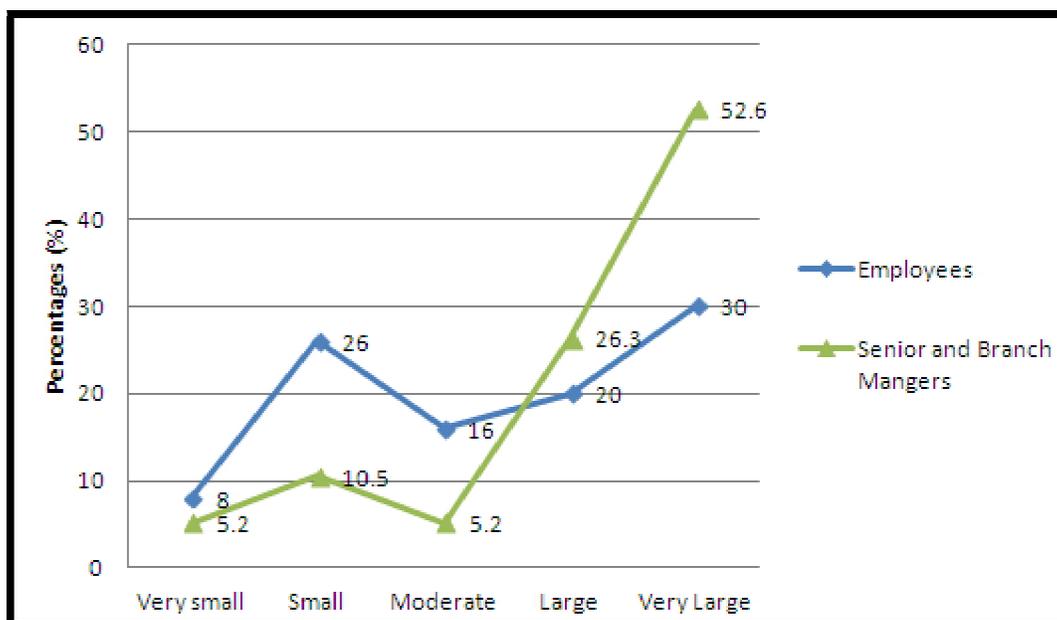


Figure 1: Strategy Execution Is Dictated by the Organization Structure
(Telkom (K) Ltd Employees, N=80); (Senior Managers, N=19)

According to the research findings 10 (52.6%) and 5 (26.3%) of the senior and branch managers of Telkom (K) Ltd believed that, to a very large extent and large extent respectively, strategy execution is dictated by the organization structure.

While, 1 (5.2%) and 2 (10.5%) of the managers respectively believed that strategy execution is dictated by the organization structure to a very small extent and small extent. Another 5.2% of the managers believed that, strategy execution is dictated by the organization structure moderately. According the finding more senior and branch managers than employees believed that strategy execution is dictated by the organization structure.

The findings agreed with researchers on the fact that, 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 strategic choices (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 (1984) 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 organizational structure positively influences the strategy execution process Based on the analysis 36% of the respondents indicated that organizational structure positively influences the strategy execution process moderately, 16% of the respondents indicated large, very large was represented by 24%, small was represented by 22% while very small was represented by 2%. This showed that the nature of the structure for the organization should be one that supports the implementation of proper strategies.

Organization structure affects the strategy execution process in the organization. Majority of the senior and branch managers interviewed 17 (89.5%) were positive that, the organizational structure positively influences the strategy execution process. Only a small number 2 (10.5%) were of the view that the organizational structure positively influences the strategy execution process in a moderate way.

Literature done on organization system factors, states that strategic choices 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 strategic choices to be effective. An organization structure that is ineffective inhibits and acts as a barrier to strategic choices. 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).

2.2.4. The Administrative System Facilitates Strategy Execution

Analysis on whether the administrative system facilitates strategy execution revealed that, 38% of the respondents were represented by very large, large was represented by 10% while 22% indicated moderately on how administrative system facilitate strategy execution. The analysis showed that, those who were of the opinion to a small extent were represented by 24% while 6% represented to a very small extent. This implied that majority of the employees were positive that indeed the administrative system facilitates strategy execution. All the senior managers and branch managers 19 (100%) interviewed were in agreement that the administrative system facilitates strategy execution.

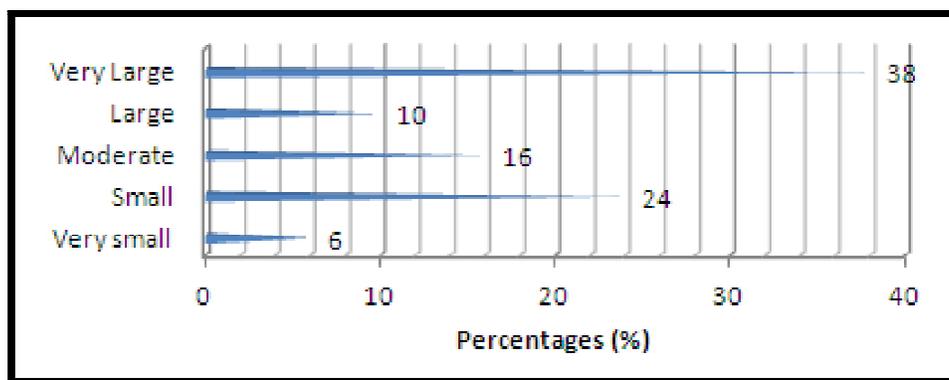


Figure 2: The Administrative System Facilitates Strategy Execution (N=80)

The findings affirmed that the administrative system of an organization is a crucial component that is important in strategic choices. 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 be 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 used to manage the process. Various constellations are naturally put in place with the basis of this distinction.

2.2.5. There Is a Business Strategy to Enhance Strategy Execution

The analysis indicated the rating on the business strategy to enhance strategy execution was that very large was represented by 30%, large 26%, and moderately 16%. Other findings indicated that small was represented by 20% while very small was represented by 8%. The findings revealed that majority 63.1% of senior and branches managers interviewed, were of the view that, to a large extent there is a business strategy to enhance strategy execution while, 26.3 % indicated that there was a business strategy to a large extent. Out of the managers interviewed 5.2% indicated that to a small and very small extent respectively there was a business strategy to enhance strategy execution. The above finding reveals that majority of both employees and senior managers believe that business strategy enhances strategy execution

2.2.6. The Leadership Style Shows Equal Attention to All Functional-Level Concerns

On leadership style, the findings revealed divergence of views among the employees and senior managers. Majority of the employees 42.5% were of view that leaders showed equal attention to all functional levels concerns to a large extent, 32.5% indicated moderately, 11.3% indicated to a large extent while, 7.5% and 6.2% were of view that leaders showed equal attention to all functional level concerns to a small extent and very small extent respectively.

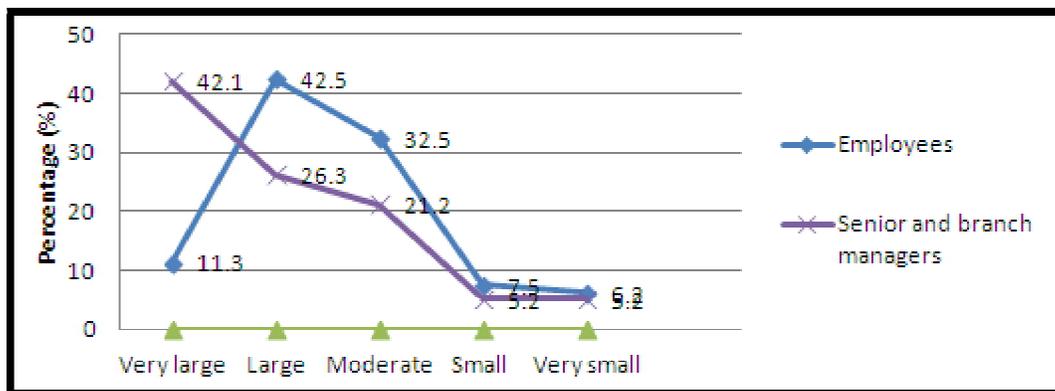


Figure 3: The Leadership Style Shows Equal Attention to All Functional-Level Concerns (Employees N=80; Senior and Branch Managers N=19)

On the other hand, the findings revealed that majority of senior managers at 42.1% indicated leaders showed equal attention to all functional level concerns, 26.3% indicated to a large extent, 21.2 thought the concern shown was moderate while, 5.2% indicated that the concern shown was to a small and very small extent respectively. Kavanagh and Ashkanasy (2006) argues that leaders must ensure that participants feel that they are consulted as part of decision making and involved in the process of mergers and acquisitions, otherwise members of the culture become cynical and unresponsive. In the current study the number of employees 13.7% who felt that the leadership style does not shows equal attention to all functional-level concerns could feel demoralized and become unproductively. As noted by Kavanagh and Ashkanasy (2006) leaders of organizational change should be competent and trained in the process of transforming organizations of mergers are to succeed. On leadership, Hrebiniya, (2005) notes that, lack of leadership, by the top management of the organization, has been identified as one of the major barriers to effective strategy execution

2.2.7. Senior Executive Management Have a Significant Impact on the Strategies and Performance

On whether senior executive management have significant impact on the strategies and performance, majority of the employees, 54% indicated that senior executive management have a significant impact on the strategies and performance to a very large extent, 36% indicated to a large extent, while a small number of respondents 7% and 3% respectively were of the view that executive management have a significant impact on the strategies and performance moderately and to a small extent.

All the senior managers interviewed 19 (100%) agreed that, "senior executive management have a significant impact on the strategies and performance". Kavanagh and Ashkanasy (2006) findings on the impact of leadership and change ... identified that the success or otherwise of the merger change process hinges on the manner in which the process is lead and managed. The current finding reveals that senior managers are aware that executive management has great impact on the strategies and performance on M& A and this would determine it failure or success.

2.2.8. Governmental Factors Affecting Strategy Choices

The following question was used to guide the study in data collection related to government factors affecting strategy choices. "To what extent do governmental regulations affect strategic choices on the implementation of mergers and acquisitions in the telecommunication sector in Kenya?"

The government has properly disseminated necessary information that has helped in strategic choices. The analysis of data revealed that, 40 % of the respondents indicated very large extent, to a large extent was represented by 26%, moderately 19 %, while very small was represented by 5%.

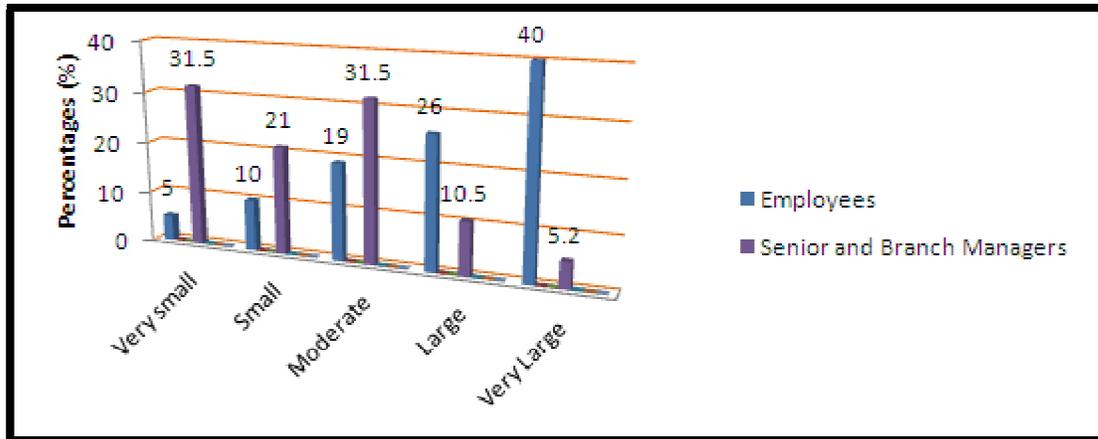


Figure 4: Government Dissemination of Information, Source: Researcher, 2019
Telkom (K) Ltd Employees (N=80), senior and Branch Managers (N=19)

Senior and branch managers interviewed, 6 (31.5%) indicated to a very small extent, 4 (21%) to a small extent, 6 (31.5%) believed that the government has properly disseminated necessary information that has helped in strategy choices moderately, while 2 (10.5%) and 1(5.2%) believed the government has properly disseminated necessary information to a large and very large extent respectively.

The findings from senior managers was in contrast with the findings from the employees since majority of employees 40% who participated believed to a very large extent the government has properly disseminated necessary information that has helped in strategy choices while, seniors managers majority 31.5%, believed that, the government has properly disseminated necessary information that has helped in strategy choices to a very small extent and small extent respectively. There was a significant number of senior managers 31.5% who believed the government has moderately disseminated necessary information that has helped in strategy.

It study revealed that indeed there are government factors that affect strategic choices in the telecommunication industry in Kenya. These included government licensing, strategic alliances as well as regulations on pricing. This is an indication that indeed government factors affect the strategic choices process of the telecommunication industry in Kenya. Government licensing is considered to be important in strategic choices 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 strategic choices (Oliver, 1997).

2.2.9. Adequate ICT Infrastructure put up by Government That Has Helped in Strategic Choices

Majority of the respondents indicated adequate ICT infrastructure has helped in strategic choices with a representation of 45% to a large extent, 29% represented very large extent. Moderately on the other hand, was represented by 17%. Small extent was represented by 7% while very small was represented by 2.

Of the seniors managers interviewed 17 (89.5%) were of the view that the government had not put adequate ICT infrastructure that would help in strategy choices. Few 2 (10.5%) senior managers believed the government to a very small extent has put adequate ICT infrastructure that would help in strategy choices. To quote one senior manager "the government seem not to be aware of the role of ICT in business and competitive advantage among companies". Based on the above analysis it can be concluded that senior managers feel that the government is not doing enough in developing ICT infrastructure to support business enterprises in the country.

2.2.10. Pricing Helps to Boost Brand Loyalty

Prices of the commodities have an influence for it has been established that most organizations are considered to be reluctant 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 effectively implement the organization strategies. Based on the analysis, to a very large extent was represented by 45%, 29% of the respondent indicated large, moderate was represented by 17%, and small was represented by 7% while those who indicated very small were represented by 2%. Price of the products and services in the organization should be well structured to ensure the strategies being used are in line with the regulation and other competitors in the industry. All senior managers interviewed 19 (100%) were in agreement that pricing of products have direct impact on brand loyalty.

2.2.11. The Right Competitors Can Strengthen a Firm's Competitive Position in Many Industries

A question was posed to the respondents on what they think on whether "the right competitors can strengthen a firm's competitive position in many industries"

Likert Scale	Telkom Kenya Employees		Likert Scale	Senior and Branch Managers	
	No. of Respondents	Respondents in Percentages (%)		No. of Respondents	Respondents in Percentages (%)
Very large	26	32.5	Very large	5	26.3
Large	6	7.5	Large	4	21.2
Moderate	34	42.5	Moderate	8	42.1
Small	9	11.3	Small	1	5.2
Very small	5	6.2	Very small	1	5.2
Total	80	100		19	100

Table 1: Right Competitors Can Strengthen a Firm's Competitive Position in Many Industries

A significant number of employees 32.5% felt that, the right competitors can strengthen a firm's competitive position in many industries to a very large extent, 7.5% indicated to a large extent, majority at 42.5% felt the right competitors can strengthen a firm's competitive position in many industries moderately while, 11.2% and 6.2 % felt right competitors can strengthen a firm's competitive position in many industries to a small extent and very small extent respectively.

Majority of senior managers at 42.1% interviewed indicated that the right competitors can strengthen a firm's competitive position in many industries moderately, 26.3% and 21.2% indicate to a very large extent and large extent respectively, and while 5.2% indicated small and very small respectively.

2.2.12. Strategic Alliances Allow the Organization to Procure Assets That Are Not Readily Available

Based on the analysis on strategic alliances, the following were the views of employees when asked to indicate whether "Strategic alliances allow the organization to procure assets that are not readily available", Majority, 51% indicated to a very large extent, 31% indicated to a large extent, 11% represented moderately, while, 6% and 1% was represented small extent and very small extent respectively. Majority of the senior managers 18 (94.8%) agreed that strategic alliances allow the organization to procure assets that are not readily available. Only 1 (5.2%) differed with the statement and to quote, "strategic alliances at times fails to meet the agreed objectives". This implies that strategic alliances allow the organization to procure and affect the organization very largely.

2.3. Motivation of Creation of Mergers and Acquisitions

The following question guided the study in collection of data on motivation, "What is the motivation of creation of mergers and acquisitions in the telecommunication sector in Kenya?"

2.3.1. Whether Acquisition Has Affected the Staff Moral

The researcher wanted to establish whether M &A has affected the staff morale. The findings of the respondents on the impact of the mergers and acquisition on the staff morale indicated that, majority 38(48%) felt M&A affected the staff morale to a very large extent, 21 (26%) indicated large extent, 10 (13%) were moderate, while 4 (5%) and 7 (8%) indicated small and very small extent respectively.

All the senior managers that were interviewed were in agreement that mergers and Acquisition affects staff morale. But majority were quick to point out it could either affect some employees positively or negatively. The above findings shows that mergers and acquisition affects employee's moral and therefore, the management of the organization should choose the right strategic choices before either merging or acquiring another organization. The findings of Kangetta and Kirai (2014) study revealed that M&A impacted employee's morale in a positive way. A study by Adembesa (2014) on perceived effects on mergers and acquisitions on employee productivity in commercial banks showed that more than half of respondents experienced sense of loss, anger after the merger due to uncertainty in their job, feeling of detachment from their duties, feeling of unwanted, lack of identity loss of culture, and insecurity due to staff lays and redundancy. As a result of uncertainty

the study by Adembesa (2014) also revealed that more than half of employees experienced stress and tension as a result of the combination of two organizational cultures. This in essence could affect employees' morale. Adembesa (2014) findings are in line with the current findings which revealed that majority of the employees' morale was affected by M&A either to a very large or large extent on the other hand, a small number were either affected moderately or to a small extent. It can therefore be concluded that M&A affects employee's morale either positively or negatively. This could be attributed to different factors such as uncertainty, security of their jobs and restructuring. Majority of the managers were of the view that staff fear acquisition because of the restructuring and the fear of job redundancy that goes with mergers and acquisition.

2.3.2. Decision Making Process Has Changed Since the Acquisition

On whether decision making process has changed since the acquisition. The study findings showed that decision making process has changed since the acquisition where 43% of the respondents indicated to a very large extent, large was represented by 25%, moderately was represented by 17%, 7% represented small, while 8% of the respondents indicated very small.

Senior managers indicated that decision making process has changed since the acquisition this was represented by 76.6% who indicated to a very large extent, 15.7% to a large extent and 10.5% who felt that it has changed moderately. Just to quote one manager "any company which goes through a merger or acquisition has to accept decision making process has to change in order to be able to manage change". From the findings when acquisition takes place decision making process changes in line with the new changes.

2.3.3. Challenges Posed by Customers and Staff Not Fully Appreciating the Mergers and Acquisition Process

The findings revealed that, there were challenges faced by both the staff and employees because of the merger and acquisition of companies. For those respondents who participated in the study 41% indicated that to a very large extent there were challenges posed by customers and staff not fully appreciating the mergers and acquisition process, 21% indicated to a large extent, 19% were of the view that the challenges were moderate while 7% and 2% felt the challenges were to a small extent and very small extent respectively.

All the managers interviewed indicated there were challenges posed by customers and staff not fully appreciating the mergers and acquisition process but the degree varied and the type of challenges.

3. Conclusion

Based on the research findings and discussions of the study as provided the research makes the following conclusions.

3.1. Organization System Factors and Strategic Choices

The study concludes that the strategy execution is dictated by the organization structure. Majority of the respondents were in agreement with this statement. Although a significant number of respondents thought strategy execution is not dictated by the organization structure. While, the organizational structure was also found to have positive influence on strategy execution and the administrative system was found to facilitate strategy execution.

According to finding of the study there is a business strategy to enhance strategy execution. On the leadership style the study concludes that it impacts on strategic choices and the leaders should give equal attention to all functional level concerns. The study concludes that senior executive management have a significant impact on the strategies and performance.

The study concludes that strategic choices in Kenya are 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 strategic choices process. 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 strategic choices. It was finally concluded that the administrative system of an organization is a crucial component that is important in strategic choices. If an organization does not put into place an effective administrative system it poses as a challenge to the process of strategy execution.

3.2. Governmental Factors Affecting Strategy Choice

The study concludes that there are several government factors that affect strategy choices in mergers and acquisitions in the telecommunication sector. These included government licensing, and regulations on pricing. The study further concludes that organizations that fall under government regulatory authorities face challenges in successful implementation of business strategies. It was evident from the research findings that both employees and senior managers felt that the government has not properly disseminated the necessary information that would help in strategic choices. On the other hand government regulations and legislations were cited on several occasions as factors affecting strategic choices.

It can also be concluded that the government has not put up adequate ICT infrastructure that would help in strategic choices. In the current knowledge society, ICT is one of the drivers of competitive advantage. Inadequate ICT infrastructure results to inefficiency.

The study concludes that with the right competitors the company can strengthen its competitive position in the telecommunication industry. On the other hand, strategic alliances were found that, it can allow the organization to procure

assets that are not readily available. The study concluded that that technology and manufacturing capabilities are gained when a firm 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.

3.3. Motivation of Creation of Mergers and Acquisitions and Strategic choices

The study concludes that the reason for the merger and acquisition at Telkom Kenya Limited was the desire to get a footprint into the East African market, perceived synergies and a ready market for their new products and solutions.

The challenges encountered in the preparation process for the mergers and acquisition were those of change management and due diligence process where both parties had to be involved to resolve it. During the process of mergers and acquisition, the process of decision making becomes slower due to layered decision makers. Challenges encountered during the process should be resolved within reasonable time limits. Additionally fears and concerns from those involved should be addressed as this will increase their commitment in the merger and acquisition process.

The study also further established that the changes brought about by the mergers and acquisitions have impacted positively on the stability of Telkom Kenya Limited in that the company is now more robust, has a solid brand name and is now viewed as the leading converged communication service provider within the region.

The study concludes that mergers and acquisitions affect staff morale. This was collaborated by a study by Kangetta and Kirai (2014) and Adembesa (2014). The staff morale could either be affected positively or negatively. This could be attributed to uncertainty and job insecurity.

4. Recommendations of the Study

The following recommendations are given based on the research findings.

4.1. Gender Response

The study recommends that companies strive to employ more women in order to achieve equality as envisioned in the Kenyan constitution. This is because the study established that there were more male 64% than women 36% working in Telkom (K) Ltd.

4.2. Experience

The study recommends that more young people should be given management positions to inject fresh ideas at top. This is because the study revealed there were few young people in senior management. Since majority of the senior managers and branch managers were above the age of 36.

4.3. Organization System Factors

There were several factors that had an impact on strategic choices on the implementation of mergers and acquisitions in the telecommunication sector. These include strategy execution and organizational structure, administrative systems business strategy and leadership style. The following are the recommendations concerning the above issues based on the research findings.

The study revealed that organizational factors that contribute to strategic choices 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 process of mergers and acquisition affects employees at all levels. In many cases, employees at functional levels are never consulted on any process that the management intends to carry out. The researcher therefore recommends that the management of Telkom (K) Ltd should consult employees from different levels on all issues involving mergers and acquisitions to enable them give their contribution; and thus embracing change will be easier.

Upon announcement of the impending mergers and acquisition, stakeholders were concerned about job losses, changes in remuneration and operations as a whole. When an organization is going through mergers and acquisitions, it should have a more open plan and integrated approach to problem solving, with several mechanisms to do so. People should be empowered to act on information which is freely exchanged and new problems should be considered as new opportunities for improvement. During this period, management should foster an environment where people feel that they work in a community and not function. This will result in freedom of expression and cooperative team work across the organization

The study recommends the need for government to get involved in the process of strategic choices 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 Telkom. The government should remove any barriers when it comes to mergers and acquisition. The law should be clear and simple on mergers and acquisitions in Kenya.

The seniors managers interviewed were of the view that the government had not put adequate ICT infrastructure that would help in strategy choices. In the current knowledge society, ICT is one of the important tools for complete advantage.

The government should put up adequate ICT infrastructure. It should also keep on upgrading the existing infrastructure so as to keep up with the ever changing ICT environment.

Any merger or acquisition would affect the staff morale either positively or negatively as noted by various researchers and authors. Organizations should put in place plans both long term and short to deal with staff affected by the merger or acquisitions. The management should create awareness, organize for trainings and counseling sessions with staff.

It is the role of senior management to handle any expected change within the merging companies. Plans should be put in place to deal with any changes either departmental, functional levels or management level. Staff should be informed of impending mergers and acquisitions early enough for them to be able to plan.

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