

**COMPETITIVE INTELLIGENCE PRACTICES ADOPTED BY THE
KENYA POWER AND LIGHTING COMPANY**

DAMARIS/MAORE

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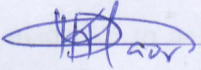
**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF
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DECLARATION

This is to declare that this research project is my original work that has not been presented to any other University or Institution of Higher Learning for examination.

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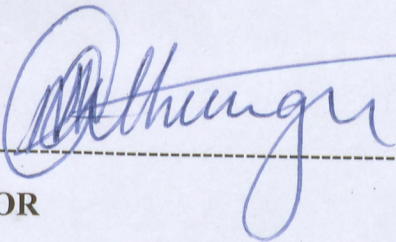
08/11/2012

DAMARIS MAORE

D61/72755/2009

This is to declare that this project has been submitted for examination with my approval as the university supervisor

Signature: _____



Date: _____

09/11/2012

SUPERVISOR

DR JAMES GATHUNGU

SENIOR LECTURER

DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

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DEDICATION

This research project is lovingly dedicated to Baby Chloe for giving me a lot of inspiration during the research project.

May you Go Beyond This!

ABSTRACT

Competitive Intelligence is a component of business intelligence aimed at gaining strategic advantage; it mainly focuses on those issues of highest importance to senior management to determine the necessary resources for the Competitive Intelligence project in the light of its purpose. Kenya Power & Lighting Company like any other organization require the initiation of the corporate intelligence practices in order to sustain and develop distinct competitive advantages by using the entire organization and its networks to develop actionable insights about the environment. This study therefore seeks to investigate competitive intelligence practices adopted by Kenya Power and Lighting Company. This was a case study aiming at getting detailed information regarding competitive intelligence practices adopted by Kenya Power and Lighting Company. The study collected qualitative data which was collected using unstructured interview guide. The content analysis technique was used to analyze the collected data. The data was presented in prose for easy of understanding and interpretations. The study established that Competitive Intelligent was taken as a vital component of a Kenya Power and Lighting company's strategic planning and management process. The study concluded that company increase information processing activities within the company where the company managers sought competitor information so as to find ways of locking out competitors such as Petroleum Company which has been the company greatest competitors as management customers still use paraffin and liquefied gas and aligning the company's strategy with its environment and improve performance. The study recommend that Kenya Power & Lighting Company management and other organizations in energy sector adopt strategic alliance intelligences to improve bill payment electronically, telecommunication companies to marketing its products and reduce cost of investment help in delivery products to customers, develop new products, reduce illegal connection, and reduce theft and fraud.

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ABBREVIATION AND ACRONYMS

CI	-Competitive Intelligence
CRM	-Customer Relation Management
ERC	-Energy Regulatory Commission
KETRACO	-Kenya Electricity Transmission Company
KPLC	-Kenya Power & Lighting Company
IPPs	-Independent Power Producers
MW	- Mega watts
REA	-Rural Electricity Authority
RETAP	-Renewable Energy Technology Assistance Programme

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Today's firms operate within a rapidly changing business climate created by advances in technologies (Raymond, 2003). Hannula and Pirttimaki (2003) argue that a competitive edge is gained through the ability to anticipate information, turn it into knowledge, craft it into intelligence relevant to the business environment, and actually use the knowledge gained from it. In planning their strategies, companies need to analyse carefully the business environment, especially the pressures and challenges caused by it, in order to thrive in the global digital economy (Calof and Wright, 2008). Thus, enterprises should view the strategic plan as a reaction to external stimuli rather than a long-term, unchangeable course of action (Persidis, 2003). Intelligence is the product of collection, evaluation, analysis, integration, and interpretation of all available information that may affect the survival and success of the company (Guimaraes, 2000). Well-interpreted information, provided by a properly designed intelligence function, can be immediately significant in the planning of corporate policy in all of its fields of operations.

Tan and Ahmed, (1999) adopt more of a strategic intelligence perspective and state that intelligence is a continuing and interacting structure of people, equipment, and procedures to gather, sort, analyze and distribute pertinent, timely and accurate information for use by marketing decision makers to improve their marketing planning, implementation and control. Competitive intelligence provides knowledge of competitors, their marketing strategies, objectives, research activity, their strengths and weaknesses and other information.

The Kenya Power and Lighting Company transmits, distributes and retails electricity throughout Kenya. Kenya Power is a public company and is listed at the Nairobi Stock Exchange. With emerging competition in the distribution of electricity in Kenya today, the KPLC needs to understand their position with respect to major competitors in the competitive environment and provides actionable business competitive intelligence such as use of petroleum products, biogas and biomass. Indeed, competitive intelligence can be viewed as a “process for supporting both strategic and tactical decisions, and in order to support competitive intelligence, organizations need systems and processes to gather and analyze reliable, relevant, and timely information that is available in vast amounts about competitors and markets (Cobb, 2003).

1.1.1 Concept of Competitive Intelligence

There are many definitions of competitive intelligence. Calof and Skinner (1999), provide a simple definition of competitive intelligence as an actionable recommendations arising from a systematic process involving planning, gathering, analysing and disseminating information on the external environment for opportunities, or developments that have the potential to affect a company's or countries competitive situation. Competitive intelligence is a systematic and ethical program for gathering, analysing and managing external information that can affect the company's plans, decisions and operations (Society of Competitive Intelligence Professionals, 2008).

The objectives of competitive intelligence are to manage and reduce risk, make knowledge profitable, avoid information overload, ensure privacy and security of information, and use corporate information strategically (Myburgh, 2004). In essence,

competitive intelligence helps strategists to understand the forces that influence the business environment and, more importantly, to develop appropriate plans to compete successfully (McGonagle and Vella, 2004). Guimaraes (2000) provided that competitive intelligence practice bringing to light business opportunities and problems that will enable proactive strategies, providing the basis for continuous improvement and shedding light on competitor strategies.

1.1.2. Competitive Intelligent Practices

Competitive intelligence practices are actions of undertaken by firm after gathering, analyzing, and distributing intelligence about products, customers, competitors and any aspect of the environment needed to support executives and managers in making strategic decisions for an organization. Competitive intelligence practices include product differentiation, innovation, strategic alliances, technology adoption, market segmentation and other intelligence action (Aaker, 1983).

Competitive intelligence practices lead to improving speed to market and thereby supporting rapid globalization and improving the likelihood of company survival, increasing business volume, providing better customer assessment and improving understanding of external influences (Juhari and Stephens, 2006). The process of collecting, storing and analyzing information about the competitive arena results in the actionable output of intelligence ascertained by the needs prescribed by an organization. The relevance of monitoring, understanding and responding to competitors has long been recognized as a significant aspect of marketing activity, yet analysis of the competitive environment seems often to be subordinated as greater emphasis is placed on understanding customers and consumers.

1.1.3 Kenya Energy Sector

Kenya's electricity sector comprises an interconnected power system with a total effective generation capacity of about 1,113 MW, (as of 2012). Hydro sources constitute 71% of this capacity. Kenya Power & Lighting Company (KPLC) is responsible for transmission, distribution and supply of electricity to consumers. Kenya Electricity Generating Company Limited, KenGen is the leading electric power generation company in Kenya, producing about 80 percent of electricity consumed in the country. The company utilizes various sources to generate electricity ranging from hydro, geothermal, thermal and wind. Hydro is the leading source, with an installed capacity of 766.88MW, which is 64.9 per cent of the company's installed capacity.

The key players in energy sectors include Independent Power Producers (IPPs) which build, own and operate power stations and sell the power in bulk to KPLC, Energy Regulatory Commission (ERC) which reviews electricity tariffs and enforces safety and environmental regulations in the power sector as well as safeguarding the interests of electricity consumers. The other players include the Ministry of Energy which formulates policy on the energy sector in addition to administering the Rural Electrification Scheme, the Rural Electricity Authority (REA) that implements rural electrification projects on behalf of the government and Kenya Electricity Transmission Company (KETRACO) mandated to construct new transmission lines with government funding to accelerate infrastructure development and finally Geothermal Development Company is tasked with developing steam fields to reduce upstream power development risks so as to promote rapid development of geothermal electric power (KPLC, 2012).

Consumption of electricity grew by 4.9 percent to 2,682.1 million KWH during the period in line with the increase in economic activity. Completion of Sondu-Miriu project towards the end of 2007 it added adds 60.0 million kilowatt hours (KWH) to the national grid system. A breakdown of electricity supply by source shows that Hydro-power, Geothermal and Thermal generation increased by 1.0 percent, negative 1.1 percent and 14.7 percent, respectively in the January to July 2011 period. The respective shares in the total electricity supply were 53.2 percent, 18.3 percent and 28.5 percent for hydropower, geothermal and thermal generation. In Petroleum sector, crude oil price increased by 27.85 percent to US \$ 73.00 per barrel in July 2006 up from US \$57.10 per barrel in July 2005. Petroleum is the major source of commercial energy in the country providing about 87% of the country's requirements. The recently launched national strategy of Vision 2030 that aims at making Kenya a middle level income country is a case in point. The ratio of Recurrent to Development Expenditure in the Sector is about 1:4, which is within the internationally recommended standard ratio. The approved Recurrent expenditure budget of the energy Sector increased from Kshs.28.4 billion in 2008/09 financial year to Kshs.32.56billion in 2010/11 FY toward achieving vision 2030 (GOK,2012).

1.1.4 Kenya Power and Lighting Company

Kenya Power and Lighting Company (KPLC) is a limited liability company, where the majority shareholder is the government of Kenya and its institutions, while the rest is owned by private shareholders (www.kplc.co.ke). The company is responsible for ensuring that there is adequate line capacity to maintain supply and quality of electricity across the country that is. Distribute and retailing of electricity.

Before a major power sector restructuring in 1997, the company also managed all generating stations on behalf of the state. Reform of power sector commenced in the early 1990's and has made steady progress. The Electric power Act 1997 and the Energy Act in 2006, accelerated the reform by creating an autonomous regulatory body, unbundling electricity utilities to promote more private investment in generation and reviewing tariffs to improve the financial performance of power companies. As a result of these, KPLC was able to connect 1 million customers after several years of offering the much needed energy to a fraction of the population (Kenya Power and Lighting Company, report Q3 2010). The company had a customer base of 850,000 in 2007, 980,000 in 2008 and celebrated the connection of 1,000,000th customer in mid 2009, this was not a mean feat and was viewed unachievable when the government promulgated an ambitious target to connect 1 million households years in 2010 (KPLC, 2012).

Electricity consumption in Kenya grew at an average rate of about 10% per year between 2001 and 2007, with growth likely to be at least 5%, taking into account economic slowdown in 2008/2009 (ESDA, 2003). The industrial segment is the largest user of power in the country, accounting for 62% of all electricity consumed. Residential customers consume 27%, with commercial having an 11% share of power market and agriculture using just 1% of Kenya's electricity (ESDA, 2010). Electricity serves only 30% of Kenyan households, including half of urban homes and just 8% of rural residences. Urban households use electricity and kerosene for lighting, while most rural dwellers illuminate rooms with kerosene lamps (Renewable Energy Technology Assistance Programme RETAP, 2012).

The Kenya power report states that a medium voltage power grid was now within reach of 63% of the population, but that the goal would take longer to reach. Connectivity in the rural areas by end of 2009 was said to have been barely above 30% .To achieve the goal of extending the supply grid to those who have no access to electricity is a major policy. KP&LC therefore set out in 2004 to raise the coverage rate gradually from 4% to 20% by 2010 with the intention of raising it to 40% by 2020 (Government of Kenya, 2012).

1.2 Research Problem

Competitive intelligence as a strategic business tool has long been proposed in an effort to increase a company's competitiveness (Porter, 1980). Competitive intelligence has long been recognized as a strategic tool and is one of the fastest growing in the business world (Viviers and Muller, 2004). It is rapidly becoming a major technique for achieving competitive advantage (Porter, 1980). It is an important aspect of strategic management because it serves as the first link in the chain of perceptions and actions that allow an organization to adapt to its environment. Environments pose important constraints and contingencies for organizations, and their competitiveness depends on their ability to monitor and adapt their strategies based on information acquired through competitive intelligence activities. Firms must develop and deploy competitive intelligence driven by market requirements. Many firms have adopted product, process, and service quality improvement as a key strategic initiative for achieving excellent performance levels (Priporac, Gastoris and Zacharis, 2005).

Power companies must develop and deploy competitive intelligence driven by market requirements due to global competition. Today's success in turbulent business

environment depends, to a large extent, on the ability of Power companies to gather and process information and the amount of relevant information used in the planning process. Consequently, it is important to obtain information on any aspect of competitive activity that can have a significant impact on the energy company's decisions in Kenya.

Locally studies done on competitive intelligence focus on insurance, banking and telecommunication industries. For instance, Muiva, (2001) conducted a survey on the use of competitive intelligence systems in the Kenyan Pharmaceutical Industry and concluded that pharmaceutical firms should make use of competitive intelligence practices to increase their competitiveness in terms of product innovation, customer satisfaction and market orientation. while Kipkorir, (2001) researched on competitive intelligence practices by FM radio stations operating in Kenya and found that market segmentation, which involves dividing a total potential market into smaller more manageable parts such as local communities created a competitive edge over rival in the market . Wachira (2008), conducted a survey of competitive intelligence systems in the insurance companies in Kenya and found that involvement of customers in product development , aligning products with customer needs and the environment , Customer Relation Management (CRM), carrying out regular customer satisfaction surveys, introduction of new products based on customer needs, re-launching and revamping of existing products to make insurance companies more competitive .On the other hand Mugo, (2009) carried out a study on competitive practices adopted by commercial banks focusing on a case study of Equity bank, and concluded that the new markets intelligence practices employed by Equity Bank improved bank's profitability. A further study by Mutua (2010) assessed competitive intelligence practices adopted by

telecommunication companies focusing on a case of Essar Telcom Limited and concluded that Market intelligence (MI) adopted by telecommunication companies is developed on real-time (dynamic) aspects of competitive events taking place among the 4Ps of the marketing mix (pricing, place, promotion, and product) in the product or service marketplace in order to better understand the attractiveness of the market. These studies however have been done on different institutions other Kenya power. This is despite the fact that the Kenya power is facing many challenges posed by the competitive environment in the sector. Due to current environmental change in the market, there is a need for a study to be carried out to investigate what competitive intelligence practices that had been undertaken in Kenya Power. This study therefore seeks to bridge the gap that exists by investigating competitive intelligence practices adopted by Kenya Power by answering the question what were the competitive intelligence practices adopted by adopted by Kenya Power?

1.3 Research Objective

The objective of this study was to investigate competitive intelligence practices adopted by Kenya Power and Lighting Company.

1.4 Value of the Study

The study will provide information on competitive intelligence as a strategy in Kenya power will be important to scholars who will expand their knowledge on competitive intelligence practices in energy sector. Research is going to find the study significant as it will provide a foundation for further study.

The study will be invaluable to the management in Kenya power and lighting company who will gain insight on knowledge on competitive intelligence practices in energy in Kenya. The management in the Kenya Power and Lighting Company will find the study significant as CI can shape decisions about market entry, product development, pricing, customer relations and other vital areas that contribute to an organization's overall profitability and competitive profile.

2.2 Competitive Intelligence

Competitive intelligence is the process of gathering, analyzing, and disseminating information about competitors and the market environment. It involves identifying key competitors, understanding their strengths and weaknesses, and monitoring their activities. Competitive intelligence is a critical component of strategic management, as it provides decision-makers with the information they need to make informed choices about market entry, product development, pricing, and other vital areas. Competitive intelligence can be used in a variety of ways, including identifying market opportunities, assessing competitive threats, and developing competitive strategies. Competitive intelligence is a continuous process, as the market environment is constantly changing. Competitive intelligence is a key factor in the success of many organizations, as it provides them with the information they need to stay ahead of their competitors.

The concept of competitive intelligence has been defined in various ways by different authors. Some authors define competitive intelligence as the process of gathering, analyzing, and disseminating information about competitors and the market environment. Other authors define competitive intelligence as the process of identifying and understanding the strengths and weaknesses of competitors. Some authors define competitive intelligence as the process of monitoring the activities of competitors. The concept of competitive intelligence is broad and encompasses a wide range of activities. Competitive intelligence is a critical component of strategic management, as it provides decision-makers with the information they need to make informed choices about market entry, product development, pricing, and other vital areas. Competitive intelligence can be used in a variety of ways, including identifying market opportunities, assessing competitive threats, and developing competitive strategies. Competitive intelligence is a continuous process, as the market environment is constantly changing. Competitive intelligence is a key factor in the success of many organizations, as it provides them with the information they need to stay ahead of their competitors.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introductions

This chapter outlines the past studies on competitive intelligence. Issues on competitive intelligence process and practices has been critically reviewed focusing on concept of strategy management, nature of strategic management ,strategic management models, role and challenges facing implementation of strategic management process.

2.2 Competitive Intelligence

Competitive Intelligence involves the collection of information, internal, external and from competitors, but also from customers, suppliers, technologies, environments, and potential business relations. Competitive Intelligence is designed to provide early warning and help to predict the moves of competitors, customers, and governments (Ghoshal, and Kim, 2006). This systematic scanning for Competitive Intelligence, including noticing and interpreting competitive stimuli, is critical for organizations to stay abreast of changing market conditions and avoid costly mistakes (Anderson and Hoyer, 2001).

The concept of intelligence as a process has long been proposed as an effort to improve the firm's competitiveness and its strategic planning process. Competitive Intelligence is considered to be the component of business intelligence aimed at gaining strategic advantage, as proposed by Porter (1980). The Society of Competitive Intelligence Professionals (SCIP, 2008) defines Competitive Intelligence as a systematic and ethical process for gathering, analyzing and managing external information that can affect the company's plans, decisions and operations.

Theory in the intelligence process has been proposed by many authors under many different labels, including environmental scanning, competitive technical intelligence (CTI) and market intelligence (MI) (Maltz and Kohli, 1996). Day and Shoemaker (2006) have brought forward the concept of peripheral vision, which is also very similar to the competitive intelligence concept, as was Davenport and Harris's (2006) competitive analytics concept. Most of these works have positioned intelligence as the necessary (and sometimes assumed) prerequisite for strategic planning. This suggests that the focus of Competitive Intelligence covers the entire competitive environment, not just the competition. It is believed that competitive intelligence may imply the true purpose of intelligence that is, to gain strategic advantage (Porter, 1980). Therefore, competitive intelligence includes competitor intelligence as well as intelligence collected on customers, suppliers, technologies, environments, or potential business relationships.

2.3 Competitive Intelligence Process

The components of the intelligence paradigm have been investigated in many academic fields (McCord, 2002). However, a holistic view of competitive intelligence has not been developed yet, nor has a process of intelligence been verified empirically but appears to support for distinct stages or constructs in Competitive Intelligence process (Cravens, 1998). Competitive intelligence process start in planning stage where an assessment is made of what intelligence is required (Fleisher, 2001). Competitive Intelligence should only focus on those issues of highest importance to senior management (Herring, 1998). This phase is required to determine the necessary resources for the Competitive Intelligence project in the light of its purpose.

This is followed by information collection stage where information is collected from a variety of sources, both published and unpublished sources as well as human sources (Fleisher, 2001). Collection is also about ensuring that the information and sources of information are tested for reliability and credibility.

Analysis of the collected information is the next phase in competitive intelligent process where information is converted into usable intelligence on which strategic and tactical decisions may be made (Herring, 1998). The results of the Competitive Intelligence process need to be communicated to those with the authority and responsibility to act on the findings. Intelligence communication can take place via ad hoc reports, alerts, e-mails, presentations, news briefs, competitor files and special memos (Fleisher, 2001). Competitive Intelligence requires appropriate policies, procedures, and a formal or informal infrastructure so that employees may contribute effectively to the Competitive Intelligence system and gain from the benefits of the Competitive Intelligence process. There is much support for a formal structure and a systematic approach to Competitive Intelligence (Ghoshal and Kim, 2006). Finally, the firm utilizes its Competitive Intelligence efforts successfully by providing appropriate organizational awareness of Competitive Intelligence and a culture of competitiveness (Slater and Narver, 1998). Management support for Competitive Intelligence units to establish legitimacy and importance as a fundamental aspect for the survival of the organization to obtain a competitive advantage by anticipating change, recognize opportunities, and monitor continuously the information flow about other businesses and activities in the same field (Fleisher, 2001.).

2.4 Competitive Intelligence Practices

Wright and Calof and Wright (2008) also expressed the need to focus more on various elements of the competitive intelligence model, and to test, not just measuring the entire holistic construct. In its most basic form, the activities of competitive intelligence involve planning, collecting, analyzing, communicating and management. Most studies to date have tried to measure all of these, with varying success.

Even those studies which have attempted to link competitive intelligence with performance measures still use broad measures of the entire process (Blenkhorn and Fleisher, 2007). Competitive intelligence programme should focus on the management-needs identification process and a number of companies have achieved this (for example, Motorola, Merck and NutraSweet). Herring (1999) applied the key intelligence topics (KIT) process in order to identify and prioritize the key intelligence needs of senior management and the organization itself

2.4.1 Structural Organization Intelligence

One of the newest sources of competitive advantage is the structural-organizational intelligence, which includes all non-human reserves of knowledge in the organization embracing databases, organizational charts, executive instructions of the processes, strategies, administrative programs, and suchlike items whose significance for the organization is higher than its material value (Roos, Roos, Dragonetti and Edvinsson, 1997).

It takes account of organizational capital like intellectual capital, creativity and innovation, processes, and cultural capital, renewal capital, development like patent right,

and educational efforts (Roos et al, 1997). Structural-organizational capital aims at the system, structures, and the current procedures of the business of an establishment. In the other words, the structural-organizational capital can be classified as organizational culture, organizational learning, operating processes, and information systems (Chen, Zhu, Z and Xie, 2004). Structural-organizational intelligence (capital), as flexible information infrastructures and efficient inter-organizational communications tool, has transformed the way that firms gather, produce and transmit Competitive Intelligence. Structural-organizational intelligence provides obstacle to competitors to go through market, operational linkage, business process improvement (e-business) such as e-selling, revenue increasing, cost decreasing, and quality promotion (Maja, 2001). The notion of the intelligence organization is fashionable today, and an interest here is to postulate a set of characteristics as a metaphor that can be used to identify the nature of the intelligent organization within behavioral and related decision-making contexts (Yolles, 2005).

2.4.2 Integration of Competitive and Marketing Intelligence

Owing to the fact that specific developments in the business environment need to be closely monitored, it is imperative that senior corporate intelligence professionals think in terms of integrating competitive intelligence work with marketing intelligence work. Corporate intelligence staffs, therefore, need to work closely with marketing staff in order that intelligence activity occurs within a strategic marketing context (Daft, Sormunen and Parks, 1988). Initiatives in corporate intelligence will result in intelligence staff being at the centre of the change process within the organization. Competitive intelligence programmes are mainly located in one of three functions within an organization marketing, planning and Research and development (Prescott, 2001).

2.4.3 Stakeholders Cooperation and Networking

Strategic balancing is based on the principle that the strategy of a company is partly equivalent to the strategy of an individual. Indeed, the performance of companies is influenced by the actors' behavior, including the system of leaders' values. Those undertaking competitive intelligence need to communicate with various stakeholders and references to this have been made by (Hussey, 1998). There is a large amount of published information available that can be used including legitimate intelligence gathering, and it has been indicated that top management within an organization need to define what competitive intelligence involves (Day and Shoemaker, 2006). This is necessary if corporate intelligence staffs are to have an input into the strategic decision-making process. For competitive intelligence output to be beneficial, those involved in competitive intelligence work need to make available the results of their intelligence analysis to decision makers both quickly and effectively (Antia and Hesford, 2007).

Competitive Intelligence helps firm company sustain and develop distinct competitive advantages by using the entire organization and its networks to develop actionable insights about the environment that is the customers, competitor, regulars, technology and many other stakeholders. It uses a systematic and ethical process involving, planning, collection, analysis, communication and management (Calof and Wright, 2008). Valuable and readily available source of competitive intelligence is company employees, especially for smaller institutions. Between 70% and 90% of the intelligence a company needs is possessed by employees who gather immense amounts of information through dealings with suppliers, customers, and other industry contacts (Tanev and Bailetti, 2008).

2.4.4 Product Development

As a Competitive Intelligence resource, structural-organizational intelligence is an internal, inter-industry and international cooperation communications tool and it also shortcuts the production cycle and increases organization capacity (Dyk and Conradie, 2007). Firms are able to draw on structural-organizational intelligence to attain knowledge of customer preferences through interactive organizational information systems. Strategic information systems reveal information that facilitates continuous forecast of sales, resulting in competitive advantage in terms of better production planning and less inventory stockpiles. It allows manufacturer to improve supplier selection and learn about competitors' process technologies.

Top management is also able to access critical external knowledge, market research and economic trends to allow more effective strategic planning (Baars and Kemper, 2008). Thus, product development (requiring, in effect, a new product) and market extension (a new market) typically involve a greater risk than 'penetration' (existing product and existing market) and diversification (new product and new market) generally carries the greatest risk of line, for this reason, amongst others, most marketing activity revolves around penetration. McGonagle and Vella, (2004) argues that the Ansoff Matrix, despite its fame, is usually of limited value although it does always offer a useful reminder of the options which are open. Competitive intelligence programmes need to provide an understanding of the industry itself and the type of competitors operating in the industry; areas of vulnerability need to be identified; and the possible moves of competitors need to be evaluated in order to understand how industry dynamics might change (Prescott, 2001). Timing and Know-how refer to the opening up of a new market

or launching of a new product, to avoid the price-quality war described above. This tactic demands the competitive Intelligence to focus of technological resources and know-how that will make the company keep an edge in the market. This is because other companies copy the company new venture eroding it competitive advantage making it very expensive for a company to maintain market leadership (Herring, 1998).

2.4.5 Management-needs identification process

Competitive Intelligent is a vital component of a company's strategic planning and management process. It pulls together data and information from a very large and strategic view, allowing a company to predict or forecast what is going to happen in its competitive environment (SCIP, 2008). By analyzing the capabilities, vulnerabilities, intentions, and moves of the competitors, CI allows a company to anticipate market developments proactively rather than merely react to them. This in turn allows a company to remain competitive by improving its strategic decisions and leading to better performance against its competitors (Calof and Wright, 2008).

Herring (1998) applied the key intelligence topics (KIT) process in order to identify and prioritize the key intelligence needs of senior management and the organization itself. This ensured that intelligence operations were effective and appropriate intelligence was produced. Herring's (1998) approach is useful because it allows corporate intelligence staff to identify strategic issues and as a result senior management can ensure that actionable intelligence results. The other advantages are that an early warning system can be put in place and this will allow potential threats to be identified; and further, key players can be identified and monitored (Hussey and Jenster, 1999).

This type of approach can be regarded as both logical and necessary with respect to the international marketplace. For example, Tessun (2001) has outlined how staffs at Daimler-Benz Aerospace use a scenario methodology to produce a strategic early warning system that underpins the production/modification of business plans and strategies. This reinforces the point made earlier that corporate intelligence staffs need to be concerned with theory building. This view can be defended on the basis that senior managers within the organization are demanding informed and accurate intelligence, and are requesting that it is made available at the earliest opportunity (Bose, 2008)

2.4.6 Market Knowledge Management

The concept of the concept competitive intelligence pertaining to current and future customer needs dissemination of the intelligence across departments, and organization-wide responsiveness to it (Korany, 2007). Align market intelligence as the ability to understand, analyze and assess the environment of firm with customers, competitors and markets, and industries, that conduce knowledge market for strategic planning and help decision making of marketing enhances firm performance (Hannula and Pirttimaki, 2003). That market knowledge development stems from the fact that market intelligence (knowledge) is said to be generated collectively by individuals and departments throughout an organization.

The examination of the organizational performance measures the robustness of the relationships between market intelligence and organizational performance (Patton and McKenna, 2005). With the relationships between among knowledge management capability, market intelligence and performance, the concern is among human resource

value, collaborative firm, organization support, knowledge management capability, market intelligence and performance via technological turbulence and market turbulence moderator (Raymond, 2003). The ability to develop adequate organizational mechanisms for information acquisition, dissemination, and effective utilization may be precursors to identifying and effectively adapting to major market shifts (Wright, McNidder and Pickton, 1999).

2.4.7 Environmental Scanning

The formal exploration process of the marketing strategy paradigm has been linked with the environmental scanning literature as a basis for gathering and processing the information and the information processing theory paradigm. In fact, the importance of environmental scanning has often been linked to firm performance (Cobb, 2003), Environmental uncertainty therefore leads to increasing information processing activities within firms and managers always seek to competitor information so as to find ways of locking out the rivals (Saxby, Parker, Nitse and Dishman, 2002). Strategic decision-making approach suggests that there is need for environmental scanning in order to align the organization's strategy with its environment and improve performance (Bose, 2008). This, in turn, requires the design of appropriate information processing infrastructures. The need for these infrastructures increases as environmental uncertainty and complexity increases (McCord, 2002).

Competitive intelligence as a process involving the gathering, analyzing and communicating of environmental information to assist in strategic decision-making, it is the fundamental basis of the strategic decision-making process which eventually leads to

quality production of firm (Fleisher, 2001). In this ever more competitive environment, the complex relations arising from a situation where information is a basic resource, and where obtaining intelligence is a requirement for making decisions means that this search for knowledge is what will guarantee competitiveness (Saxby, *et al*, 2002).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter presents the research design and methodology of the study. In this stage, most decisions about how research was executed and how respondents were approached, as well as when, where and how the research will be completed. The chapter therefore entails the way the study was designed, the data collection techniques and the data analysis procedure.

3.2 Research Design

This was a case study aiming at getting detailed information regarding competitive intelligence practices adopted by Kenya Power and Lighting Company. A case study allowed an investigation to retain the holistic and meaningful characteristics of real life events.

Mugo (2009) also used a case study when she carried out a study on competitive intelligence practices in commercial banks where she focussed on a case of Equity Bank. Kothari (2008) noted that a case study involves a careful and complete observation of social units. It is a method of in-depth study rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other inter-relations. Primarily data collected from such a study was more reliable and up to date.

3.3 Data Collection

The study used an interview guide as primary data collection instrument. The interview guide consisted of open-ended questions aimed at obtaining information on competitive intelligence practices at Kenya Power and Lighting Company. An interview guide was used to collect information from human resources managers, financial managers, operation managers, risk managers and head of departments in Kenya Power and Lighting Company because they were the personnel responsible for formulation of the strategies in the company.

The interview guide was administered through personal interviews so as to yield the highest quality and quantity of data by providing supplementary information in the course of the interview.

3.4 Data Analysis

The study collected qualitative data which was collected using unstructured interview guide. The content analysis technique was used to analyze the collected data. This was a systematic detailed qualitative description of the objectives of the study.

It involved observation and detailed description of objects, items or things that comprise the study. This method made it possible to analyze and logically group the large quantity of data and compile the rest of the study. The data was presented in prose for easy of understanding and interpretations.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presented the discussion and conclusion of the study. The primary data was collected using interview guide and analysis through content analysis to establish competitive intelligence practices adopted by Kenya Power and Lighting Company.

4.2 Kenya Power implements competitive intelligence practices

The study sought how the management in Kenya Power and Lighting Company implemented competitive intelligence practices. From the findings, the interviewees indicated that the company implemented competitive practices through collection of information concerning competitors and markets trends, evaluate, analysis the collected information, integrate and interpret the information collected so to determine the course of action for the survival and success of the company.

The interviewees also indicated that the company had adopted marketing intelligence practices by implementing the customer service charters, improve supply quality, implement new National call center and introduce customer credit facilities. The study further indicated that the management practices market intelligence by offering customers with prepaid metering, competitive bench marking and smart metering. The findings concurred with Prescott (2001) who found that competitive intelligence practices were mainly located in organization marketing, planning and Research and development functions

4.3 Benefits of competitive intelligence practices in Kenya power

The study sought the benefit of competitive intelligence practices in Kenya power \$ Lighting Company. From the findings, interviewees indicated that competitive intelligence has been beneficial to the company as it has made the company to manage and reduce risks illegal connections, financial risks and frauds. The interviewees also indicated that competitive intelligences had helped the company in maintain confidential and securing information's from competitors and unintended individuals or organizations.

The interviewees also indicated that through competitive intelligence practices help the company in developing products, market and innovation strategies to improve performance and gain competitive advantage. The interviewees also indicated that competitive intelligence helps in the company in providing the basis for continuous improvement and creating awareness on competitor strategies as well as improving company profitability. The interviewees further indicated that competitive intelligence practices has been significance in monitoring, understanding and responding to competitors in the competitive environment in an efforts to understanding customers and consumers in the market. The findings were similar to Juhari and Stephens, (2006). Who found that competitive intelligence practices lead to improving speed to market, improve company survival, increasing business volume, providing better customer assessment and improve understanding of external influences.

4.4 Developing competitive intelligent practices in Kenya Power and Lighting Company

The interviewees were requested indicated how the Kenya Power and Lighting Company was developing competitive intelligence practices. From the findings that interviewees

indicated that the company ensures prior planning where assessment is made on what intelligence was required either on products, competitors, customers' needs of market changes in prices to evaluate what resources would be required. The interviewees indicated that after the assessment, the company embarked on data collection from the customers, publications and other sources as well as validating to ensure the collected information was credible.

After collection of the data, the interviewees indicated that the data is analysis ready for use in making tactical and strategic decisions communicated to the senior management through reports, briefs meetings, and presentations and special memos for action to be undertaken. In developing competitive intelligence practices, the interviewees indicated that the management develops appropriate strategies, policies and procedures and allocating resources to effectively implement the strategies adopted to improve company improve performance in the competitive market.

4.5 Product intelligences employed by the Kenya Power & Lighting Company

The study also sought to establish the product intelligences employed by the Kenya Power and Lighting Company. from the findings, the interviewees indicated that the product intelligences employed were such as involving customers in product development through focused group discussions (FGDs), aligning products with customer needs, Credit Risk Management and customer service, customer satisfaction survey, introduction of new products based on customer needs, relaunching and reviewing of existing products to make them more competitive, ASK exhibitions, excellent customer service, provision of products to suit target markets through differentiation and branding of products which achieves customer satisfaction, media advertisement in TV, radio and

newspapers and population dynamics. Also indicated that the management in Kenya Power & Lighting Company are increasing the number of small distribution transformers, to shorten LV lines, designing and implementing MV backbone for rural Electrification and intensifying power system maintenance. The findings concurred with Prescott, (2001) who found that competitive intelligence programmes need to provide an understanding of the industry of competitors operating in the industry, identifying areas of vulnerability need to be identified and product developed and launched in the markets by the competitors as well as strategies adopted in production of the products.

4.6 Management-needs identification process has been adopted in Kenya Power & Lighting Company

The interviewees were requested to indicate how management-needs identification process has been adopted in Kenya Power & Lighting Company. From the findings, Competitive Intelligent was taken as a vital component of a company's strategic planning and management process. The management was indicated to collect data and information from a very large and strategic view, allowing the company to predict or forecast what was going to happen in its competitive environment. The company management carrying out analyzes on the capabilities, vulnerabilities, intentions, and moves of the competitors, CI allows a company management to anticipate market developments proactively to allows a company management to remain competitive by improving its strategic decisions and leading to better performance against its competitors such as petroleum companies which led selling use of biogas, paraffin and use of liquefied gas use of charcoal and wood.

The study further found that management of Kenya Power & Lighting Company was carrying out management need identification through rationalizing staff establishment, transforming employee's attitude and behaviours, building leadership and technical capacity succession plans and transforming Kenya Power Training school to a center of excellence. The findings were in line with Calof and Wright, (2008) who indicated that Competitive Intelligence allowed firms to anticipate market developments proactively and allows a company to remain competitive by improving its strategic decisions and leading to better performance against its competitors. The study found that the management of the Kenya Power & Lighting Company identified and prioritized the key intelligence need of senior management and the company to identify possible risks that they face the company.

4.7 Adopted market knowledge management at Kenya Power and Lighting Company

The management in the Kenya Power & Lighting Company aligns market intelligence to understand, analyze and assess the environment of the company with customers, competitors and markets that conduce knowledge market for strategic planning and help the management in the company in decision making of marketing to enhance company performance

The management in Kenya Power & Lighting Company recruits high qualified employees and value human resource, knowledge management capability, market intelligence and performance via technological turbulence and market changes to cope with market shift and improving performance.

The interviewees indicated that the management in Kenya Power and Lighting Company has to develop adequate organizational mechanisms for information acquisition, dissemination, and effective utilization to identify and adapt to major market changes.

4.8 How Kenya Power Company has carried out environmental scanning

The study sought how Kenya Power Company has carried out environmental scanning. From the findings, the management in Kenya Power & Lighting Company gathers and processes the information from the market. The interviewees indicate that the company increase information processing activities within the company where the company managers sought competitor information so as to find ways of locking out competitors such as petroleum company which has been the company greatest competitors as management customers still use paraffin and liquefied gas. The findings were in line with Saxby, Parker, Nitse and Dishman, (2002) who indicated that companies undertake environmental scanning by gathering and processing data due to uncertainty in the market as managers of companies seeks competitor information so as to find ways of locking out the rivals out of the market. He further indicated that companies need to adopt strategic decision-making approach suggests that there was need for environmental scanning in order to align the company's strategy with its environment to achieve high performance.

Product diversification intelligence in Kenya Power leads to lower costs of production.

The interviewees were requested to indicate the whether product diversification intelligence in Kenya Power & Lighting Company leads to lower costs of production. The results indicated that product diversification intelligence enable the company to

increase customers, improve sales of the company products, reduce cost of production. The interviewees also indicated that product diversification reduce illegal connections, theft of the company wires, reducing power supply and fraud leading to lowering cost of production. The interviewees also indicated that management in Kenya Power & Lighting Company was creating consultancy brand, establishing fibre optic subsidiary and Stima Telcom and started selling renewable energy equipment such as solar panels

4.9 Technology intelligence in Kenya Power & Lighting Company

The interview was requested to state the technology intelligences employed by the Kenya Power & Lighting Company. From the findings, technology intelligences were such as innovation, product integration with new technology, customer relationship management, new technology driven products that respond to technology advancement, use of recent IT systems, use of one type of product to offer a broad range of services, contact centers, going for technology which fits into the business and not the business fitting into it, integration of several sub-systems, implementation of robust IT system in all departments and also having high class communication systems between the departments. The interviewees further indicated that the management in the company was adopting new technologies, digitizing all the power network assets and customer information, and automating power supply services, and implement automation of network Top- Down – SCADA, A/B and RMU.

4.10 Strategic alliances intelligence practice employed by the Kenya power

The interviewees were also asked to state the strategic alliances intelligence employed by the company. According to the results, these strategic alliance intelligences were making alliance with the financial institutions such as commercial banks to improve bill payment

electronically, telecommunication companies to marketing its products. The interviewees also indicated that the company was lobbying the government to improve coordination of company infrastructure development planning.

Benefits of strategic alliances at Kenya Power & Lighting Company

On benefits of strategic alliances, interviews strategic alliance helps the company in reduction of external environment uncertainty. The study also indicated that benefits stated were such as cost of investment is minimal and also it takes advantage of already available expertise (years of experience). The interviewees also indicated that strategic alliance help the company in delivery products to customers, develop new products, reduce illegal connection, reduce theft and fraud. The study findings concur with Burgers et al. (1993) study found that strategic alliances are formed as a mechanism for reducing uncertainty for parties of the alliance.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the findings from chapter four, and also it gives the conclusions and recommendations of the study based on the objectives of the study.

5.2 Summary of the Findings

The study established that the management in Kenya Power and Lighting Company implemented competitive intelligence practices through collection of information concerning competitors and markets trends, evaluate, analysis the collected information, integrate and interpret the information collected so to determine the course of action for the survival and success of the company.

The study revealed that competitive intelligence has been beneficial to the company as it has made the company to manage and reduce risks illegal connections, financial risks and frauds, maintain confidential and securing information's from competitors and unintended individuals or organizations and help the company in developing products, market and innovation strategies to improve performance and gain competitive advantage. The study found that intelligence helps in the company in providing the basis for continuous improvement and creating awareness on competitor strategies as well as improving company profitability and help in monitoring, understanding and responding to competitors in the competitive environment in an efforts to understanding customers and consumers in the market.

The study established that company ensures prior planning where assessment is made on what intelligence was required either on products, competitors, customers' needs of

market changes in prices to evaluate what resources would be required, the company embarked on data collection from the customers, publications and other sources as well as validating to ensure the collected information was credible. The company then carries out data analysis ready for use in making tactical and strategic decisions communicated to the senior management through reports, briefs meetings, and presentations and special memos for action to be undertaken and develops appropriate strategies, policies and procedures and allocating resources to effectively implement the strategies adopted to improve company improve performance in the competitive market.

The study found that product intelligences employed were such as involving customers in product development through focused group discussions (FGDs), aligning products with customer needs, Credit Risk Management and customer service, customer satisfaction survey, introduction of new products based on customer needs, relaunching and reviewing of existing products to make them more competitive.

The study established that Competitive Intelligent was taken as a vital component of a Kenya Power and Lighting company's strategic planning and management process. The management was indicated to collect data and information from a very large and strategic view, allowing the company to predict or forecast what was going to happen in its competitive environment. The company management carrying out analyzes on the capabilities, vulnerabilities, intentions, and moves of the competitors, CI allows a company management to anticipate market developments proactively to allows a company management to remain competitive by improving its strategic decisions and leading to better performance against its competitors use of biogas, paraffin and use of liquefied gas use of charcoal and wood.

The study found that the management of the Kenya Power & Lighting Company identified and prioritized the key intelligence need of senior management and the company to identify possible risks that they face the company. The management in the Kenya Power & Lighting Company aligns market intelligence to understand, analyze and assess the environment of the company with customers, competitors and markets that conduce knowledge market for strategic planning and help the management in the company in decision making of marketing to enhance company performance

The management in Kenya Power & Lighting Company recruits high qualified employees and value human resource, knowledge management capability, market intelligence and performance via technological turbulence and market changes to cope with market shift and improving performance.

The study revealed that company increase information processing activities within the company where the company managers sought competitor information so as to find ways of locking out competitors such as Petroleum Company which has been the company greatest competitors as management customers still use paraffin and liquefied gas and aligning the company's strategy with its environment and improve performance.

The study established that product diversification intelligence enable the company to increase customers, improve sales of the company products, reduce cost of production .The product diversification reduce illegal connections, theft of the company wires, reducing power supply and fraud leading to lowering cost of production.

From the findings, the study revealed that technology intelligences practices adopted by the Kenya Power & Lighting Company were such as innovation in product development ,

product integration with new technology, customer relationship management, new technology driven products that respond to technology advancement, use of recent IT systems, use of one type of product to offer a broad range of services, contact centres, going for technology which fits into the business and not the business fitting into it, integration of several sub-systems, implementation of robust IT system in all departments and also having high class communication systems between the departments. .

The study established that Kenya Power & Lighting Company management adopt strategic alliance intelligences where making alliance with the financial institutions such as commercial banks to improve bill payment electronically, telecommunication companies to marketing its products. The study established that cost of investment was minimal and also took advantage of already available expertise, help in delivery products to customers, develop new products, reduce illegal connection, and reduce theft and fraud.

5.3 Conclusions

The study concluded that competitive intelligence practices has been beneficial to the company as it has made the company to manage and reduce risks illegal connections, financial risks and frauds, maintain confidential and securing information's from competitors and unintended individuals or organizations and help the company in developing products, market and innovation strategies to improve performance and gain competitive advantage.

The study found concluded that intelligence helps the company in providing the basis for continuous improvement and creating awareness on competitor strategies as well as

improving company profitability and help in monitoring, understanding and responding to competitors in the competitive environment in an efforts to understanding customers and consumers in the market.

The study found that the company adopt product intelligences practice employed were such as involving customers in product development through focused group discussions (FGDs), aligning products with customer needs, Credit Risk Management and customer service, customer satisfaction survey, introduction of new products based on customer needs, relaunching and reviewing of existing products to make them more competitive.

The study established that Competitive Intelligent was taken as a vital component of a Kenya Power and Lighting company's strategic planning and management process. The management was indicated to collect data and information from a very large and strategic view, allowing the company to predict or forecast what was going to happen in its competitive environment. The company management carrying out analyzes on the capabilities, vulnerabilities, intentions, and moves of the competitors, CI allows a company management to anticipate market developments proactively to allows a company management to remain competitive by improving its strategic decisions and leading to better performance against its competitors use of biogas, paraffin and use of liquefied gas use of charcoal and wood.

The concluded that the management of the Kenya Power & Lighting Company identified and prioritized the key intelligence need of senior management and the company to identify possible risks that they face the company and aligns market intelligence to understand, analyze and assess the environment of the company with customers,

competitors and markets that conduce knowledge market for strategic planning and help the management in the company in decision making of marketing to enhance company performance

The study concluded that management in Kenya Power & Lighting Company recruits high qualified employees and value human resource, knowledge management capability, market intelligence and performance via technological turbulence and market changes to cope with market shift and improving performance. The study concluded that company increase information processing activities within the company where the company managers sought competitor information so as to find ways of locking out competitors such as Petroleum Company which has been the company greatest competitors as management customers still use paraffin and liquefied gas and aligning the company's strategy with its environment and improve performance.

This study concludes that the product competitive intelligence practices adopted by Kenya Power & Lighting Company involvement of customers in product development through focused group discussions (FGDs), aligning products with customer needs and the environment in which they are being offered to ensure customers can identify themselves with the same. The other product intelligence practices adopted by the company included Customer Relation Management (CRM), relaunching and revamping of existing products to make them more competitive, extensive pilot testing of all products before roll out, participation in ASK exhibitions across the country, excellent customer service, provision of products to suit target markets through differentiation and branding of products which achieves customer satisfaction and lower costs of production.

The study also concludes that the new markets intelligence practices employed by Kenya Power & Lighting Company for greater profitability were market segmentation. The purpose of the market intelligence is to identify better (new) potential markets; and better (new) ways to serve target markets seeking to improve the mix of target markets.

5.4 Recommendations

This study recommends that competitive intelligence practices are very important in Kenya Power & Lighting Company as they help the company achieve competitive edge thus ultimately increasing their profitability. Clearly notable as the researcher interacted with the respondents was the impact of product and market intelligence to the company which has led to huge levels of cost reduction, efficiency and increase market share of the company to increase its customer base.

The study recommends that CI revolves enable the company management in decision decisions to maximize the value of the capabilities that distinguish it from its competitors. Failure to collect, analyze and act upon competitive information in an organized manner can lead to deterioration of the firm's profitability and ultimately the failure of the firm itself.

The study recommend that Kenya Power & Lighting Company management and other organizations in energy sector adopt strategic alliance intelligences to improve bill payment electronically, telecommunication companies to marketing its products and reduce cost of investment help in delivery products to customers, develop new products, reduce illegal connection, and reduce theft and fraud.

5.5 Limitations of the study

The study faced the challenges of time resources limiting the study from collecting information for the study particularly where the respondent delay in the interviewing and travelling for collection the filled questionnaire.

The some interviewees were found to be uncooperative because of the sensitivity of the information required for the study. The researcher explained to the them that the information they would provide was to be held confidential and was only for academic purpose only.

5.6 Recommendations for Further Studies

The study carried out a survey of competitive intelligence practices adopted by Kenya Power & Lighting Company. A further study should be carried out to investigate the effects of competitive intelligence practices on performance on Kenya Power & Lighting Company.

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APPENDICES

Appendix1: Interview Guide

- 1 Kindly indicate how Kenya Power implements competitive intelligence practices?
2. What are the benefits of competitive intelligence practices in Kenya power
3. Explain how competitive intelligent practices is developed in your company
3. Which are the product intelligences employed by the Kenya Power?
4. Explain how Management-needs identification process has been adopted in Kenya Power
5. Explain how you company has adopted market knowledge management
6. Indicate how the company has carried out environmental scanning
7. Explain how Product diversification intelligence in Kenya Power leads to lower costs of production.
8. Which are the technology intelligences employed by the Kenya Power?
9. Indicate technology intelligence as applied to competitive intelligence in your company
10. Which is the Strategic alliances intelligence practice employed by the Kenya power
11. What are the benefits of strategic alliances?