

Competitive Strategies and Firm Performance in the Mobile Telecommunication Service Industry: A Case of Safaricom Kenya Limited

Dr. Francis Ofunya Afande, PhD., FCIM (UK).
Dedan Kimathi University of Technology, P.O. Box 657,10100, Nyeri Kenya
offunya@gmail.com

Abstract

Purpose: The sought to examine the relationship between competitive strategies and firm performance in Safaricom Kenya limited. The study was guided by the following specific objectives: to examine the competitive strategies adopted by Safaricom Ltd; and to assess the relationship between the competitive strategies used by Safaricom Ltd. and its performance. A review of the relevant literature was undertaken in order to eliminate duplication of what has been done and provide a clear understanding of existing knowledge base in the problem area. The literature review is based on authoritative, recent, and original sources such as journals, books, thesis and dissertations. **Methods:** A case study design was used to undertake the study. The population of the proposed study will be the Safaricom top revenue drivers, namely consumer sales and retail departments, which are divided into regions covering the whole country. Consumer sales department is structured into six regions – Coast, Nairobi, Mountain, Eastern, Rift Valley and Western/Nyanza and each region is represented by 4 area managers. The Retail department is also structured into six regions - Coats, Nairobi East, Nairobi West, Central, Rift Valley and Western/Nyanza and each region is headed by an Area Retail Manager. The study lasted three months. A semi-structured questionnaire was used to collect primary data from the respondents. Statistical Package for Social Sciences (SPSS) was used as an aid in the analysis. Data pertaining to the profile of respondents was analyzed by employing content analysis while determination of the link between the competitive strategies and organizational performance, the strategy related items were subjected to a factor analysis to test whether the strategic practices naturally group into the various competitive strategies. **Results:** The findings also show that the strategies adopted by commercial banks in Kenya so as to cope with the competitive environment include vigorous pursuit of cost reductions; providing outstanding customer service; improving operational efficiency; controlling quality of products/services; intense supervision of frontline personnel; developing brand or company name identification; targeting a specific market niche or segment; and providing specialty products/services. The findings also show a significant relationship between the strategies adopted by commercial banks in Kenya and their respective performances with respect to the following objective performance indicators: total revenue growth, total asset growth, net income growth, market share growth and overall performance or growth.

Keywords: Competitive strategies; firm performance; mobile communication; service industry

1 INTRODUCTION

1.1 Background of the Study

The challenges of the business environment in the 1990s, characterized by fragmented markets, increased competition, rapid technological changes, shifting regulatory frameworks, and a growing dependence on non-price competition have forced many businesses to more closely scrutinize their competitive strategy. Porter (1985) argues that firms create competitive advantage by conceiving new ways to deliver superior value to customers. Innovation is a key source of competitive advantage and can occur at any stage of the value chain. However, the literature and research in this regard is biased towards technological innovation.

The increased competition has been further fuelled by communication and liberalisation of the major world economies. This has reduced the world into a global village as far as business transactions are concerned. As a result, organisations are facing stiff competition from both local and foreign competitors. In order to compete and survive in the competitive environment, different organisations are adopting different strategies. Organisations are therefore implementing various competitive strategies to achieve a sustainable competitive advantage and enhance their survival in an industry.

1.1.1 Concept of Strategy

“The essence of strategy is choosing a unique and valuable position rooted in systems of activities that are much more difficult to match”. (Porter,1996). According to Porter a company must choose its activities in different ways than its competitors in order to deliver a unique set of value to its customers. Thompson et al, (2007) observed that strategy is a long term plan of action designed to achieve a particular goal, most often “winning”.

Strategy is essential because there is not only one ideal position in the market. If there were, operational effectiveness would be enough for the company to succeed but even operational effectiveness is not enough for the company to survive when it reaches a certain point. The company therefore needs a strategy that leads to sustainable advantage in order to differentiate itself otherwise there will be a risk of being copied. Trade-offs is important in order to stay competitive. If a company wants more of something it has to choose less of something else. Strategy is therefore also choosing what not to do.

Porter (1980) argues that a firm can achieve a higher level of performance over a rival in one of two ways: either it can supply an identical product or service at a lower cost, or it can supply a product or service that is differentiated in such a way that the customer is willing to pay a price premium that exceeds the additional cost of the differentiation. In the former case, the firm possesses a cost advantage. In the latter, the firm possesses a differentiation advantage. In pursuing cost advantage, the goal of the firm is to become the cost leader in its industry or industry segment.

Pearce and Robinsons (2007) observed that a firm must be able to accomplish one or more activities in its value chain activities – procuring materials, processing them into products, marketing the products, and distributing the products or support activities in a more cost effective manner than that of its competitors or it must be able to reconfigure its value chain to achieve a cost advantage. On the other hand, differentiation by a firm from its competitors is achieved when it provides something unique that is valuable to buyers beyond simply offering a low price (Porter, 1985). He argued that effectively implementing these generic strategies required total commitment and supporting of the organization. If a firm attempts to pursue both at the same time, it will result in inferior performance, so-called, “stuck in the middle” (Porter, 1980).

1.1.2 Competitive Strategies

It is discussed by Porter (1983) that every company has a competitive strategy; either it is official or unofficial to the market. It is a plan for how a firm will compete, formulated after evaluating how its strengths and weaknesses compare to those of its competitors, this must lead to a sustainable competitive advantage. A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage) or deliver benefits that exceed those of competing products (differentiation advantage), thus a competitive advantage enables the firm to create superior value for its customers and superior profits for itself (Porter, 1985). Competitive advantage becomes core when it is sustainable and thus the realization of sustainable competitive advantage. Sustainable competitive advantage is an advantage that enables business to survive against its competition over a long period of time.

Research by Kim, Nam and Stimpert (2004) found that firms employing only one of Porter’s generic strategies outperformed companies that applied elements from different strategies into their company. Companies who tried to achieve two or more different strategies at the same time also failed to perform at their best. They concluded that integrated strategies combining elements of cost leadership and differentiation will result in higher performance than cost leadership or differentiation do individually. But still, as Porter wrote, stuck-in-the-middle has to be avoided; the integrated strategy is to be seen as a new generic strategy. Figure 1.1 below presents the traditional classification of competitive strategies. (a) Classification of competitive strategies with focus embedded; and (b) competitive strategy as a continuum.

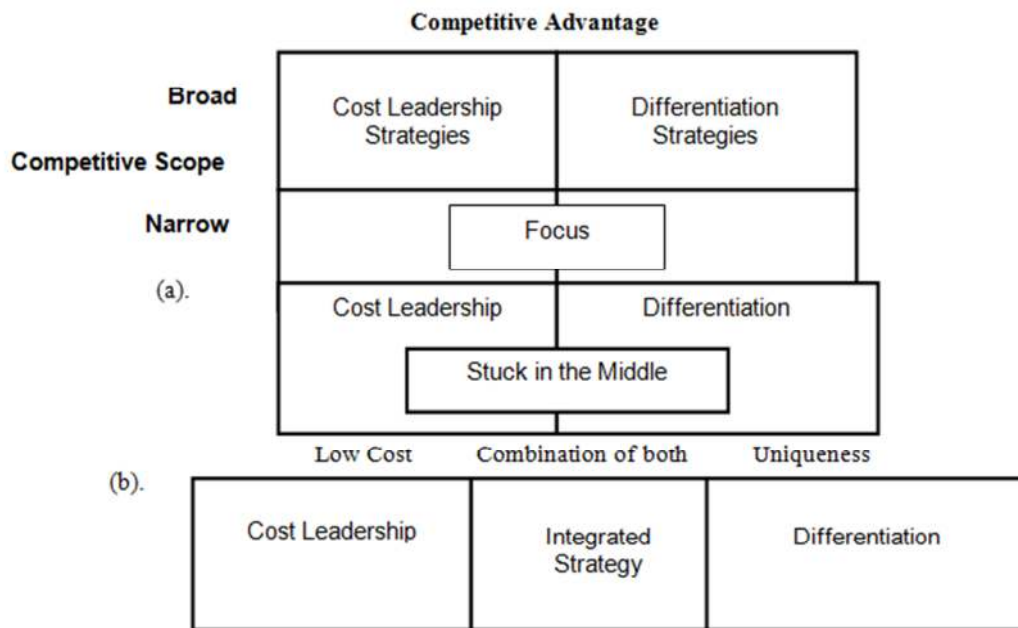


Figure 1.1: Classification of competitive strategies
 Source: Kim *et al.*, (2004).

Pearce and Robinson (2007) recognized the three levels of strategy: Corporate, Business, and Functional or Operational level. The corporate level strategies define the Vision, Corporate goals and Philosophy and culture of the firm. They include decisions on: overall goals of the firm, the types of business the firm is involved in, the way in which business will be integrated and managed (Porter, 1980). The business level strategies bridges corporate and functional strategies with decisions including plant location, market segmentation, geographical coverage and distribution channels, thus broadly it covers the mission, business goals and competencies. The functional level strategies are concerned with the implementation thus are short term, low risk and quantifiable. They include decisions on information systems, research and development, manufacturing, finance, marketing and human resources. A lot of focus is laid on business and functional strategies since it is where resources are mobilized and strategy is implemented by converting broad plans into the concrete, incremental actions and results of specific units and individuals (Pearce and Robinson, 2007)

1.1.3 Firm Performance

Powers and Hahn (2004) looked into whether or not there are any links between competitive methods, generic strategies and firm's performance. Their article showed that in financial businesses a cost leadership strategy did perform better than differentiation and focus. However, those, which have chosen differentiation and focus, performed better than the company that was stuck-in-the middle. Day and Wensley (1998) also say that choosing a strategy based on the positional advantage in the market will make a firm successful, because it is dependent upon which resources are available to them.

The focus of this study was to look into what strategies Safaricom Kenya Limited, a Kenyan mobile phone operator is implementing in order to enhance firm performance. The study seeks to investigate if competitive strategies, among them, the generic strategies which Porter developed are applicable in such an industry as the telecommunication sector. The analysis for the study will be based on work done by other strategists who can help get a broader picture of the theories on the subject to complement Porter and also criticize his strategies.

1.1.4 Mobile Telecommunication Industry in Kenya.

There are four mobile telephone companies in Kenya, Safaricom Limited (Safaricom), Zain Kenya Limited (Zain), Orange Telkom Kenya Limited (Orange) and Essar Kenya Limited (Yu) offering cell-phone services. These operators had a combined subscription base of 19.4 million in December 2009, representing a penetration rate of close to 50 per cent per 100 inhabitants, 99% of the subscribers were on the pre-paid tariff and the mobile signal covered 85 per cent of the population and 34 per cent of the land mass (Communications Commission of Kenya, 2009). Increased competition in the mobile telecommunications market has witnessed a reduction of on-net call charges to Kshs 2.12 per minute down from Kshs 6.33 in September 2010, fuelling growth in intra-network traffic. At the moment in this industry's voice market, Safaricom takes \$6 in ARPU (Average Revenue

Per User), Zain takes \$4 and Telkom \$1.8 (The Daily Nation April 27th 2010, Weekly Business Magazine pg 11).

Figure 1.2 below presents the data on mobile service penetration in Kenya as at December 2009.

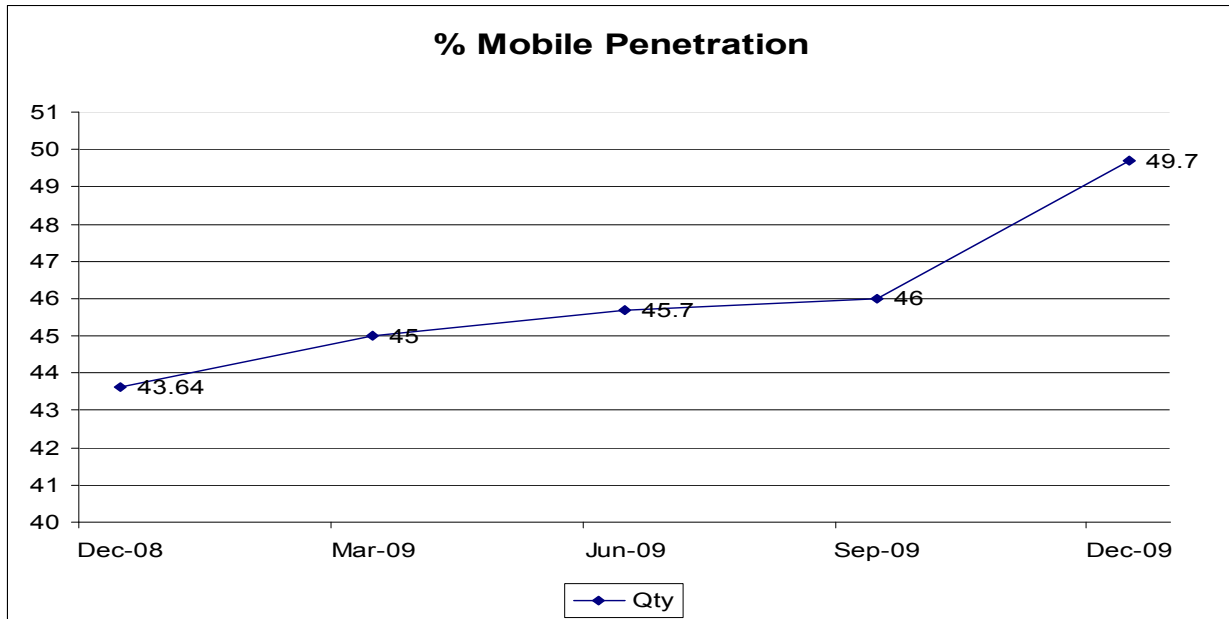


Figure 1.2: Mobile Service Penetration
 Source: CCK, Operators' Returns (2009).

Safaricom is the leading Mobile Telephone Operator in Kenya. Over the last 9 years, Safaricom has experienced a massive rise in its subscribers, from a mere 17,000 subscribers in 2000 to an amazing growth of over 15 million subscribers in June 2009 (www.safaricom.com). It was registered in 1997 as a fully owned subsidiary of Telkom Kenya Limited. In May 2000, Vodafone Group Plc, the world's largest telecommunication company, acquired a 40% stake and management responsibility for the company, and in early 2008 the government shed 25% of its shareholding to the public through an initial public offers to raise 50 billion shillings.

Founded as Ken cell Communications Limited after the liberalization of the Telecommunications Industry in Kenya and currently re-branded from Celtel to Zain, Zain is a fully private GSM (Global System for Mobile Communication) operator and was awarded the second GSM License to operate a GSM Network in Kenya by the Communications Commission of Kenya (CCK). Initial focus during the transition from Kencell to Celtel was on cost- efficiency. Zain both reinvested internally generated cash and took up additional borrowing through a US\$357 Million on network (www.zain.co.ke). Competition has been protracted and to be cost effective Zain declared 150 staff redundant on 1st April 2009. Zain has witnessed a change of name for the third time to Bharti Airtel after Indian Telecoms tycoon Sunil Bharti paid \$10.7 billion to buy Kuwait-based Zain's Africa assets.

Telkom Kenya was established as a telecommunications operator under the Companies Act in April 1999 (www.telkomkenya.co.ke). Following its privatization in 2007, France Telecom bought 51% shares in Telecom Kenya gaining majority control and establishing the trade name Orange. In France Telecom's full year financial results for 2009, Telkom Kenya returned a Sh10 billion loss (The Daily Nation April 27th 2010, Weekly Business Magazine pg 10). Telkom Kenya has customer base of 1.75 million subscribers and has so far concentrated on voice and data.

Indian telecommunications firm, Essar Group, assumed majority shareholding in Essar Telecom Kenya after buying out Econet Wireless Kenya and thereby assuming 80% control and started trading in the name "Yu". Econet Wireless's history had been full of ups and downs. It was for long a byword for delays, lengthy court cases and shareholder disputes that were part of the build-up to its eventual launch last year. Essar Limited announced in September 09 that their customer base had grown to 600000 subscribers within one year of operation and had target 2 million by March 2010 (www.essar.com). The company has so far concentrated on voice and data products.

1.1.5 Safaricom Kenya Limited

Safaricom headed by a Chief Executive Officer, has adopted a divisional structure having 11 divisions:

Commercial, Technical, Customer Care, Risk, Finance, Corporate affairs, Human Resources, Supply Chain. Investor relations and New Products with a Chief Officer as the head of each division. (www.safaricom.co.ke) Through its Information Technology Division, Safaricom has heavily invested on innovation that supports and advances the mission of the company. It has the goal of empowering the staff members through the use of technology - any time, any place, anywhere, committed to providing innovative services and solutions that meet customers' evolving needs. This is to be achieved by: Creating a technology-assisted working environment, where technology is widely available, appropriate, and transparent to the users and creating a technology environment that promotes user self-sufficiency (www.safaricom.co.ke).

Safaricom is a leading provider of converged communication solutions and with its countrywide network, it is able to provide broadband high-speed data to its customers through its 3G network, Wimax and fibre. With this efficient technology the company has always come up with successful products and services including: Per second billing, 'M-PESA' (Mobile phone money transfer), "Sambaza" (airtime transfer), Voice Mail, Get it 411, ATM top up, Flash back service popularly known as 'Please Call Me', BONGA points where subscribers earn redeemable points as they use the network, Pay Bill Services, "Okoa Jahazi" where subscribers get airtime on credit to pay later, "Sikiza tunes" where subscribers can choose their phone ring back tunes. These products have been seen to largely act as a counter strategy to rising competition and have also played a major role in accelerating its growth (www.safaricom.co.ke)

The company was also the first to come up with the lowest denomination voucher cards of ksh 5 and 10 with dynamic tariffs and low calling rates in a bid to cater for the low disposable income groups. Safaricom has established Retail and Customer Care Centers in all the major towns in Kenya to provide customers with quality products backed by reliable warranty, provide face to face customer care to the subscribers, set Retail Service and Product standards, and give opportunity for feedback from customers. (www.safaricom.com). This has enhanced its competitive edge.

Safaricom announced a strong financial performance for the year 2009-2010 with a revenue turnover of 83.961 billion representing a 19.1% growth from the previous year, out of which Voice contributed 63.405b, Sms 5.191b, M-pesa 7.556b, Mobile and fixed data 2.997b and acquisition revenue 3.661. The company posted a PBT (Profit Before Tax) of 20.967b and PAT (Profit After Tax) of 15.148b. The subscriber base also hit a record of 15.79 million representing 78.3% of the mobile users in the country, with other companies Zain owning 5.6%, Orange Kenya 5.6%, Essar Telecom Kenya 5.4%. (Safaricom Limited Audited Results for the period ended 31st march 2010) The company strategy for the year 2010 will be cost control, enhancing mobile and fixed data growth, Expansion of products under the Mpesa service and Maintain the number one market position (www.safaricom.co.ke).

1.2 Statement of the Problem

The primary objective of managers for profit seeking organizations is to maximize the performance of the firm over time. Organizations are environment dependent and environment serving and they are in a constant two-way interaction with the environment. Environment change creates pressure for change in the organization and this means that they have to respond to relevant external change to ensure that they survive (Ansoff and McDonnell, 1990). In February 1999, The Communications Commission of Kenya (CCK) was established by the Kenya Communication Act, 1998, to license and regulate telecommunication, radio communication and postal services. In March 2010 the Government gazetted five (5) new regulations to aid in the regulation of the communications sector by the Communications Commission of Kenya (CCK). Further to these the CCK ordered for the sim card registration of all mobile phone users from June 2010 and went further in September to reduce interconnectivity fee from Kshs 6.33 to Kshs 2.12 per minute.

A number of Studies related to competitive strategies have been done in Kenya including but not limited to: Ochako (2007), who investigated the strategic issue management practices by mobile telephone companies operating in Kenya; Muthangya (2007), strategic response to competitive environment: a case of Safaricom. It established that in response to competitive environment, Safaricom adopted the 3 Porter's generic strategies among others; Olunga (2007), response of Safaricom limited to changes in the telecommunication industry in Kenya. The study established that Safaricom responded to the changes by investing in new market driven products and adoption of the most appropriate distribution channels; Rumba (2008), strategic responses by mobile phone companies in Kenya to environmental changes. The study indicated the implementation of various competitive strategies, among them cost-leadership and differentiation. It is evident from these studies that competitive strategies are aimed at bettering performance but there is a gap for this linkage. Therefore there is need to bring out the effect of the various competitive strategies on firm performance.

This study focused on the relationship between competitive strategies and firm performance, more so in the telecommunications sector in Kenya. It attempted to bridge the existing gap by seeking answers to the following research questions:

- (i) What are the competitive strategies adopted by Safaricom Kenya Limited?
- (ii) What is the relationship between the competitive strategies used by Safaricom Kenya limited and the firm's performance?

1.3 Objectives of the Study

The study was guided by the following objectives:

- (i) To examine the competitive strategies adopted by Safaricom Kenya Limited
- (ii) To assess the relationship between the competitive strategies used by Safaricom Kenya Limited and its performance.

1.4 Importance of the Study

This study sought to raise ideas and issues in the hope that the various stakeholders and persons directly addressing issues related to competitive strategies and performance in various organizations will continue the discussion. It did not presume to offer a prescription for the ideal measures to be employed by the stakeholders so as to reverse the trends. Specifically, the findings of this study, it is hoped, will be beneficial to various key stakeholders as discussed in the subsequent sections.

The management of Safaricom Limited: The management of Safaricom Limited will gain a better understanding of the competitive strategies the firm has adopted, the relationship between the competitive strategies used by the firm and performance, and the challenges faced by the firm in implementing the adopted strategies. On the basis of the findings of the study, the management of Safaricom Limited will implement corporate strategies from an informed position.

The Government: The Mobile Telecommunication Industry is vital to the economic growth of the country. It aids trade, source of revenue to the government through taxation and it also offers employment opportunities to the citizens. The Government is charged with the responsibility of ensuring protection to both the industry players and the citizens. On the basis of the findings of this study, the Government will make informed decisions when formulating policies and investing in the telephone mobile service sector.

Communications Commission of Kenya: Communication Commission of Kenya (CCK) is charged with the responsibility of regulating the telecommunications sectors and enforcing the relevant government policies. CCK will acquire insight into the involvement of telecommunication service providers in competitive strategies and accommodate it in their policies where applicable.

Academicians and researchers: The symbiotic relationship between competitive strategies and organizational performance will have been an explored concept. The academic world should definitely consider the enormous potential of this strategic intersection. The study will make a significant contribution to the growing body of research on competitive strategies. The findings may also be used as a source of reference for other researchers. In addition, academic researchers may need the study findings to stimulate further research in this area and as such form a basis of good background for further researches.

2 LITERATURE REVIEW

2.1 Competitive strategies

2.1.1 Porter's Five Forces Model

In his book "Competitive Advantage", Porter claims that companies competing in a given industry must fulfill many different activities that form cost and create value for the buyers. By using the competitive strategy, a company targets to position itself in a sustainable and profitable position against the forces shaping the industry. (Porter, 1985).

The Structural Analysis of Industries: The main variable determining a firm's profitability and competitiveness is the attractiveness of an industry. There are five forces defining the rules of the competition in an industry: the entry of new competitors, the threat of substitutes, the bargaining power of buyers, the bargaining power of suppliers, and the rivalry among the existing competitors. Since those affect the prices, costs, and investments required, the industry profitability is a total function of them. The constitution of the industry may change as the change in the structure converts the overall and relative importance of the forces. (Porter, 1985).

Intensity of Rivalry: It has been claimed that rivalry depends on more than one factor; one of them is the industry concentration. A larger number of firms will enhance the rivalry as firms will struggle to capture market share to be leader serving the same customers and resources. Slow market growth induces firms to fight for expanding market share aggressively; “High fixed costs” is another factor that leads to increase in rivalry; thus firms endeavor to sell large quantity of product or service with lowest unit of costs; “Low switching costs” is the paramount element to increase rivalry, as if a customer freely switches from one product to another; it shows that there is a greater struggle to capture customers; A low level of product differentiation is associated with higher levels of rivalry. High exit barriers head pressure on firms to enter in and exit due to high cost on abandoning the product (Porter, 1985).

Pressure from Substitute Products: In Porter's model, the price change of substitute products immensely affects the demand on the product. In addition, if the product is price-sensitive, switching to other products is expected to be fast. Therefore, the threat of substitute products restrains the profit generated from industry by putting a lid on the prices for which the product/service in the industry is available (Porter, 1985).

Potential Entrants: The potential entrants in an industry enhance the level of competition for capturing market share, thus creating threats for existing companies. Strength and effect of threat is closely related to the entry barriers for given industry as increase of entry barriers will induce the decrease in the threat coming from new entrants. The roots of entry barriers are required capital investments for initiating a business, accessibility of raw materials and distribution channels, requirements posed by economies of scale and product/service differentiation (Porter, 1985).

The Buyer Bargaining Power: The buyer bargaining power improves if many suppliers are competing for the same product and therefore buyers can switch from one supplier to another easily, especially for the undifferentiated products. Another factor that enhances the buyer power is to purchase the products in large quantities from one supplier. Thereby, buyers with strong bargaining power can ask for suppliers to reduce the price, raising service or goods quality with better terms and conditions (Porter, 1985).

Supplier Bargaining Power: The supplier bargaining power exists if the demand for product is higher than the supply, also the existence of fewer suppliers in certain industry triggers more power to exert over buyers. However, availability of substitutes for the suppliers’ products immensely affects the supplier power. Suppliers can gain and enhance their power through offering highly differentiated products, or creating unique products. (Porter, 1985).

2.1.2 Porter’s Generic Competitive Strategies

Strategy is an essential part of any effective business plan. Porter (1985) asserts there are basic businesses strategies – differentiation, cost leadership, and focus – and a company performs best by choosing one strategy on which to concentrate. However, many researchers feel a combination of these strategies may offer a company the best chance to achieve a competitive advantage (Karnani, 1984; Miller and Friesen, 1986; White, 1986; Hill, 1988. Whatever strategy a business chooses, it must fit with the company and its goals and objectives to gain a competitive advantage (Parker and Helms, 1992; Kippenberger, 1996; Surowiecki, 1999; Ross, 1999).

COMPETITIVE SCOPE	Broad	Cost Leadership Strategies	Differentiation Strategies
	Narrow	Cost Focus Strategies	Differentiation Focus Strategies

Figure 2.1: Porter’s Concept of Generic Competitive Strategies
 Source: Reed, 2002, p.98.

Cost Leadership: One of Porter’s generic strategies is cost leadership (Malburg, 2000). This strategy focuses on gaining competitive advantage by having the lowest cost in the industry (Porter, 1987; Anon, 1998; Cross, 1999; Hyatt, 2001; Davidson, 2001). In order to achieve a low-cost advantage, an organization must have a low-cost leadership strategy, low-cost manufacturing, and a workforce committed to the low-cost strategy (Malburg, 2000). The organization must be willing to discontinue any activities in which they do not have a cost advantage

and should consider outsourcing activities to other organizations with a cost advantage (Malburg, 2000). For an effective cost leadership strategy, a firm must have a large market share (Hyatt, 2001). Porter (1985) purports only one firm in an industry can be the cost leader (Venu, 2001; Sy, 2002) and if this is the only difference between a firm and competitors, the best strategic choice is the low cost leadership role (Malburg, 2000). As a low cost leader, an organization can present barriers against new market entrants who would need large amounts of capital to enter the market (Hyatt, 2001). The leader then is somewhat insulated from industry wide price reductions (Porter, 1980; Malburg, 2000; Hlavacka *et al.*, 2001). The cost leadership strategy does have disadvantages. It creates little customer loyalty and if a firm lowers prices too much, it may lose revenues (Cross, 1999).

Differentiation: Differentiation is also one of Porter's key business strategies (Reilly, 2002). When using this strategy, a company focuses its efforts on providing a unique product or service (Porter, 1996; Cross, 1999; Hlavacka *et al.*, 2001). Since, the product or service is unique; this strategy provides high customer loyalty (Porter, 1985; Cross, 1999; Hlavacka *et al.*, 2001). Product differentiation fulfills a customer need and involves tailoring the product or service to the customer. This allows organizations to charge a premium price to capture market share. Aaker (1984) further argues that a differentiation strategy is often but not always associated with a higher price because it usually makes price less critical.

Focus: The focuser firm chooses a specific segment or group of segments in the industry. A firm that does not have an overall competitive advantage optimizes its strategy in order to serve the needs of the target segments and achieve a competitive advantage in them. Cost focus and differentiation focus rely on the differences of the given segment from the other segments in the industry, i.e. differences in cost behavior or the unique needs of a segment. It means that tailoring the activities to a specific segment exclusively which is not served properly by broadly-targeted competitors. However, sometimes firms choose to create separate business units under the same corporate entity. (Porter, 1985).

Combination: An organization may also choose a combination strategy by mixing of the aforementioned generic strategies. For example, a firm may choose to have a focused differentiation strategy. This means the organization has a unique product offered to a targeted market segment. An organization may also choose to have a focused cost-leadership strategy. In this instance, an organization would use a cost leadership strategy targeted to a specific market segment. There is much debate as to whether or not a company can have a differentiation and low-cost leadership strategy at the same time (Helms *et al.*, 1997). Porter felt differentiation and cost-leadership were mutually exclusive (Helms *et al.*, 1997). However, research shows this is not the case (Buzzell and Wiersema, 1981; Hall, 1983; Phillips *et al.*, 1983).

2.1.3 Ansoff Growth Strategies: Product/Market Matrix

The Ansoff Product/Market Growth Matrix is a marketing tool created by Igor Ansoff and first published in his article "Strategies for Diversification" in the Harvard Business Review (1957). The matrix allows marketers to consider ways to grow the business via existing and/or new products, in existing and/or new markets. There are four possible product/market combinations and this matrix helps companies decide what course of action should be taken given current performance. The matrix consists of four strategies:

Market penetration (existing markets, existing products): Market penetration occurs when a company enters/penetrates a market with current products. The best way to achieve this is by gaining competitors' customers (part of their market share). Other ways include attracting non-users of your product or convincing current clients to use more of your product/service, with advertising or other promotions. Market penetration is the least risky way for a company to grow.

Product development (existing markets, new products): A firm with a market for its current products might embark on a strategy of developing other products catering to the same market (although these new products need not be new to the market; the point is that the product is new to the company). Frequently, when a firm creates new products, it can gain new customers for these products. Hence, new product development can be a crucial business development strategy for firms to stay competitive.

Market development (new markets, existing products): An established product in the marketplace can be tweaked or targeted to a different customer segment, as a strategy to earn more revenue for the firm. Again, the market need not be new in itself; the point is that the market is new to the company.

Diversification (new markets, new products): Is the most risky of all the four growth strategies since it

requires both product and market development and may be outside the core competencies of the firm and has often been referred to by some as the “suicide cell”. However diversification may be a reasonable choice if the high risk is compensated for by the chance of a high rate of return.

2.2 Competitive Strategies and Firm Performance

There are several researchers who have empirically investigated the impact of Porter’s generic strategies on the performance of companies. Dess and Davis (1984) examined the performance effects of generic strategies based on a sample of non-diversified manufacturing firms. They found that those firms can be classified into four clusters based on the strategies they adopt: cost leadership, stuck in the middle, focus, and differentiation. In terms of sales growth, the four groups were found to be significantly different from one another. The focus cluster was found to have the highest sales growth, followed by cost leadership, differentiation, and stuck in the middle clusters. In terms of return on total assets, the performance difference was not significant among the four groups. While the highest return was evident in the cost leadership group, the lowest was evident in the focus groups.

Powers and Hahn (2004) examined the performance impact of generic strategies in banking. Their study indicated that banks fall into five clusters based on the type of strategy they used: general differentiation strategy, focus strategy, stuck in the middle, cost leadership strategy, and customer service differentiation strategy. They found that, overall firms employing a strategy perform better (in terms of return on assets) than ones that are stuck in the middle. The performance of cost leadership followers was significantly higher than that of stuck in the middle firms. However, other strategy followers could not gain significant performance advantage over the stuck in the middle group.

2.3 Firm performance measures

While researchers may not always agree on the best strategy, or strategy combination, most if not all, support the long-term benefits of strategic planning for the successful performance of an organization or business unit. However, measuring the performance of a company is challenging. Researchers (Buckley *et al.*, 1988; Littler, 1988; Day and Wensley, 1988) disagree about how to both define and operationalize performance. Most studies on organizational performance use a variety of financial and non-financial success measures.

2.3.1 Financial Measures

Researchers employ financial measures such as profit (Saunders and Wong, 1985; Hooley and Lynch, 1985; Baker *et al.*, 1988), turnover (Frazier and Howell, 1983), return on investment (Hooley and Lynch, 1985), return on capital employed (Baker *et al.*, 1988), and inventory turnover (Frazier and Howell, 1983).

2.3.2 Bench marking

It is important to determine how a firm compares with its industry competitors when assessing firm performance (Dess and Robinson, 1984). Benchmarking is the process of comparing one's business processes and performance metrics to industry bests and/or best practices from other industries. Dimensions typically measured are quality, time, and cost. Improvements from learning mean doing things better, faster, and cheaper. It involves management identifying the best firms in their industry, or any other industry where similar processes exist, and comparing the results and processes of those studied (the "targets") to one's own results and processes to learn how well the targets perform and, more importantly, how they do it.

2.3.3 The Balanced Score Card

Originated by Drs. Robert Kaplan (Harvard Business School) and David Norton as a performance measurement framework that added strategic non-financial performance measures to traditional financial metrics to give managers and executives a more 'balanced' view of organizational performance. The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. It suggests that we view the organization from four perspectives, and to develop metrics, collect data and analyze it relative to each of these perspectives:

The Learning & Growth Perspective: In the current climate of rapid technological change, knowledge workers must be in a continuous learning mode. Metrics can be put into place to guide managers in focusing training funds where they can help the most. In any case, learning and growth constitute the essential foundation for success of any knowledge-worker organization. Kaplan and Norton emphasize that 'learning' is more than 'training'; it also includes things like mentors and tutors within the organization, as well as that ease of

communication among workers that allows them to readily get help on a problem when it is needed

The Business Process Perspective: This perspective refers to internal business processes. Metrics based on this perspective allow the managers to know how well their business is running, and whether its products and services conform to customer requirements (the mission). These metrics have to be carefully designed by those who know these processes most intimately; with our unique missions these are not something that can be developed by outside consultants

The Customer Perspective: Customer focus and customer satisfaction are important in any business. These are leading indicators: if customers are not satisfied, they will eventually find other suppliers that will meet their needs. Poor performance from this perspective is thus a leading indicator of future decline, even though the current financial picture may look good. In developing metrics for satisfaction, customers should be analyzed in terms of kinds of customers and the kinds of processes for which we are providing a product or service to those customer groups.

The Financial Perspective: Kaplan and Norton do not disregard the traditional need for financial data. Timely and accurate funding data will always be a priority, and managers will do whatever necessary to provide it. But the point is that the current emphasis on financials leads to the "unbalanced" situation with regard to other perspectives. There is perhaps a need to include additional financial-related data, such as risk assessment and cost-benefit data, in this category. In conclusion, even though the impact of competitive strategies on firm performance has been discussed for a long time, empirical tests in this regard are scarce. Most of the past literature presents conceptual arguments and statistical evidence to describe the impact of competitive strategies on telecommunication service providers, its potential to revolutionize business activities, benefits achieved by organizations, and barriers faced by organizations in implementing competitive strategies into organizations.

3 METHODOLOGY

3.1 Research Design

A case study design was used to undertake the study. Yin (2004) describes a Case Study as an empirical inquiry of a modern phenomenon looking into a real-life situation; especially in the event that the divide between the two are not obvious and there exists multiple sources of evidence. A case study generally aims to provide insight into a particular situation and often stresses the experiences and interpretations of those involved. It may generate new understandings, explanations or hypotheses. However, it does not usually claim representativeness. Therefore, researchers using case studies should be careful not to over-generalize. Case studies involve collecting empirical data, generally from one or a small number of cases. It usually provides rich detail about those cases, of a predominantly qualitative nature (Yin, 2004).

3.2 Data Collection

Primary data was collected using a questionnaire with both closed and open ended questions. The questionnaire was self administered through personal interviews with the Chiefs, Head of Departments, Regional managers and Area managers of Safaricom. Personal interviews were preferred because of having the potential to yield the highest quality and quantity of data compared to other methods since supplementary information can be collected in the course of the interview. (Parasulaman, 1986)

Closed ended questions were presented on a Likert type scale. The Likert type scale, commonly used in business research was applied because it allows participants to provide their perceptions and opinions both in terms of direction (positive or negative) and intensity (degree of agreement or disagreement). The ratings were on a scale of 1 (lowest or least important) to 5 (highest or most important). Additionally secondary data related to Safaricom will also be explored namely the financial results.

In order to satisfy the first objective of the study, a listing of the various possible generic strategy practices was provided and the respondents asked to tick (✓) as appropriate, the extent to which they have adopted each of the strategies along a five-point scale. In order to satisfy the second objective, the respondents were provided with performance indicators and asked to indicate along a five point scale, into which category their regions fall as far as performance is concerned.

3.3 Data Collection Procedure

The questionnaire was pre-tested on a small number of respondents who were selected on a judgmental basis. The researcher emailed the questionnaires to the managers with a letter of introduction, explaining the purpose of the study. In addition, the researcher made telephone calls to the respective respondents to further explain the

purpose of the study and set a time frame for the completion of the questionnaires. The respondents were given a period of one week to complete and return the questionnaires.

3.4 Data Analysis and Presentation

The Statistical Package for Social Sciences (SPSS) was used as an aid in the analysis. The researcher preferred SPSS because of its ability to cover a wide range of the most common statistical and graphical data analysis. The collected data from the questionnaire and secondary sources was systematically organized in a manner to facilitate analysis. The data pertaining to profile of the respondents and the organizations was analyzed using content analysis. Cooper and Schindler (2005) states that content analysis may be used to analyze written data from experiments, observations, surveys and secondary sources.

For purposes of the proposed study descriptive statistics were used in the analysis of the data. In order to determine the relationship between Porter's Generic Strategies and firm performance, correlation and regression analyses was undertaken. Measures of central tendency (mean scores and percentages) and measures of dispersion (range, variance and standard deviation) were computed as appropriate. In addition, bar charts, pie charts and graphs were also used. The information was presented and discussed as per the objectives.

4 RESULTS AND DISCUSSIONS

4.1 Introduction

The current study sought to investigate the impact of competitive strategies on performance of Safaricom Ltd. A combination of both quantitative and qualitative techniques was used in data collection. Out of the 34 questionnaires that distributed to the respondents, 31 of them, representing 91.18% of the questionnaires were returned completed. The high response rate could be attributed to the personal efforts of the researcher, who made a follow up of every questionnaire sent out. The data pertaining to the profile of respondents was analyzed by employing content analysis while descriptive statistics were used to analyze data pertaining to the two objectives of the study. Computation of frequencies and percentages, standard deviations and mean scores were used in data presentation. The information is presented and discussed as per the objectives and research objectives of the study.

4.2 Demographic Data

Period respondent had been in current position: The respondents were asked to indicate the period of time they had worked in their current positions. The responses are summarized and presented in figure 4.1 below.

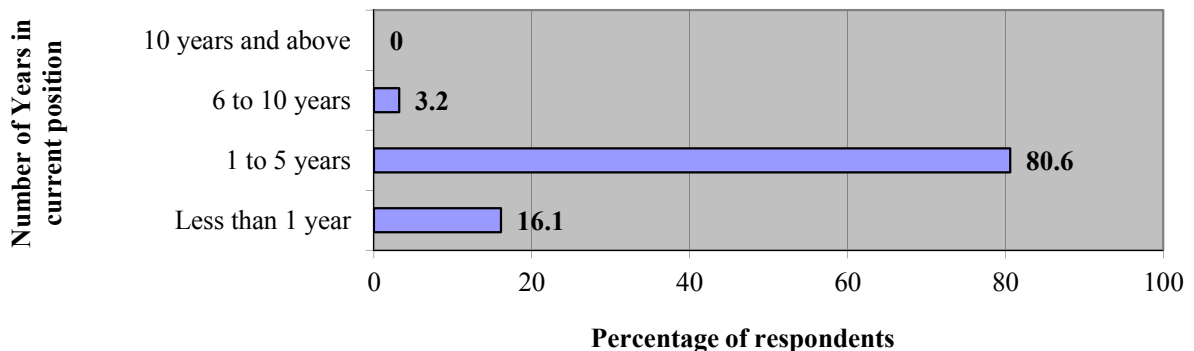


Figure 4.1: Period respondent had been in current position

The findings in figure 4.1 above show that (16.1%) of the respondents had been in their current positions for less than 1 year, (80.6%) of the respondents had been in their current positions for a period of between 1 to 5 years, and only (3.2%) of the respondents for between 6 to 10 years. The responses show that majority of the respondents, (83.8%) had been in their current positions for at least 1 year. The responses were thus expected to be objective.

Number of full time employees: The respondents were asked to indicate the number of full time employees in their respective work stations. The researcher sought to determine the size of the work stations by establishing the number of full time employees. The higher the number of full time employees, considering that all operations of the organization are automated, the more the operations and hence the bigger the size of the work stations. The responses are summarized and presented in figure 4.2 below.

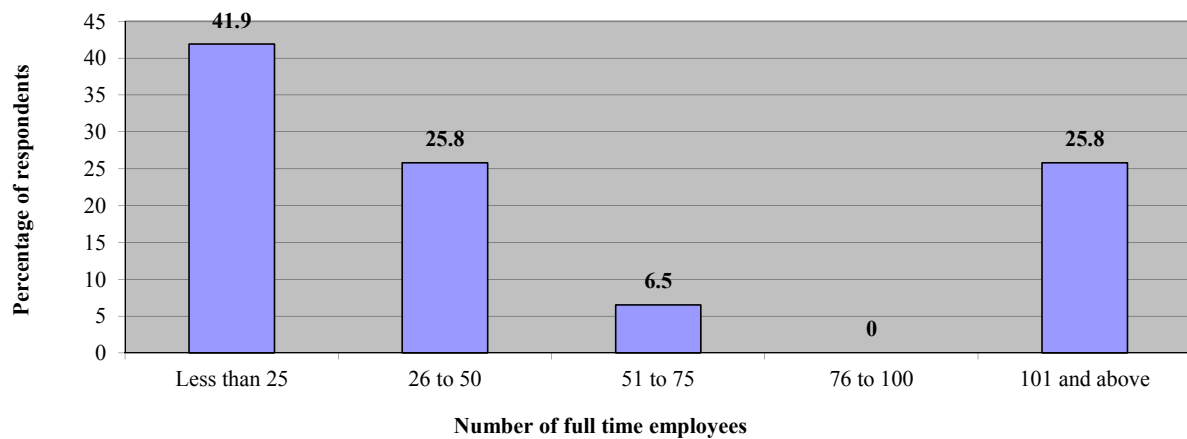


Figure 4.2: Number of full time employees

The findings in figure 4.2 above show that whereas (41.9%) of the respondents indicated having less than 25 full time employees in their respective work stations, (25.8%) of the respondents indicated that their respective work stations had between 26 and 50 full time employees, (6.5%) of the respondents indicated that they had between 51 and 75 full time employees while (25.8%) of the respondents indicated that they had 101 full time employees and above. The mean score was 2.42.

4.2.3 Period worked in the organized

The respondents were asked to indicate the period of time they had worked in their respective organizations. It is assumed that the longer one worked in an organization, the more he/she understood the organization and hence the higher the ability to articulate issues pertaining to the organization. The responses are summarized and presented in table 4.1 below.

Table 4.1: Period worked in the organized

Period respondent had worked in the organizations	Frequency	Valid Percent	Cumulative Percent	Mean score	Standard deviation
Less than 1 year	1	3.2	3.2		
Between 1 and 5 years	18	58.1	61.3		
Between 6 and 10 years	12	38.7	100.0		
Total	31	100.0		2.35	0.551

Findings in table 4.1 above show that while (3.2%) of the respondents had worked in the organization for less than 1 year, (58.1%) of the respondents had worked in the organization for between 1 and 5 years and (38.7%) of the respondents had worked in the organization for between 6 and 10 years. The findings show that majority of the respondents (78%) had worked in their respective organizations for more than 5 years, a period long enough to understand operations of their respective Safaricom workstations. The responses were thus expected to be objective.

4.3 The impact of competitive strategies on Safaricom

4.3.1 The competitive strategies adopted by Safaricom

In order to meet the first objective of the study, “to determine the competitive strategies adopted by Safaricom”, the respondents were provided with a listing of possible strategic practices used by organization and asked to indicate the extent to which their respective work stations used each of the listed strategic practices. The responses are summarized and presented below.

Table 4.2: Vigorous pursuit of cost reductions

Response	Frequency	Valid Percent	Cumulative Percent	Mean score	Standard deviation
Somehow	7	22.6	22.6		
Much	12	38.7	38.7		
Very much	12	38.7	100.0		
Total	31	100.0		4.16	0.779

The findings in table 4.2 above show that vigorous pursuit of cost reductions is one of the competitive strategies used by Safaricom, as indicated by (22.6%) of the respondents indicated “somehow”, (38.7%) of the respondents indicated “much” and (38.7%) of the respondents indicated “very much”.

Table 4.3: Providing outstanding customer service

Response	Frequency	Valid Percent	Cumulative Percent	Mean score	Standard deviation
Very little	1	3.2	3.2		
Somehow	1	3.2	6.5		
Much	4	12.9	19.4		
Very much	25	80.6	100.0		
Total	31	100.0		4.71	0.693

The findings in table 4.3 above indicate that provision of outstanding customer service is one of the competitive strategies adopted by Safaricom, as indicated by (3.2%) of the respondents who indicated “somehow”, (12.9%) of the respondents indicated “much” and (80.6%) of the respondents indicated “very much”.

Table 4.4: Improving operational efficiency

Response	Frequency	Valid Percent	Cumulative Percent	Mean score	Standard deviation
Very little	1	3.2	3.2		
Somehow	3	9.7	12.9		
Much	11	35.5	48.4		
Very much	16	51.6	100.0		
Total	31	100.0		4.35	0.798

Findings in table 4.4 above show that improving operational efficiency is one of the competitive strategies adopted by Safaricom, as indicated by (9.7%) of the respondents who indicated “somehow”, (35.5%) of the respondents indicated “much” and (51.6%) of the respondents indicated “very much”.

Table 4.5: Controlling quality of products/services

Response	Frequency	Valid Percent	Cumulative Percent	Mean score	Standard deviation
Very little	1	3.2	3.2		
Somehow	1	3.2	6.5		
Much	14	45.2	51.6		
Very much	15	48.4	100.0		
Total	31	100.0		4.39	0.715

Findings in table 4.5 above show that controlling quality of products/services is one of the strategies adopted by Safaricom to remain competitive, as indicated by (3.2%) of the respondents, whose response was “somehow”, (45.2%) of the respondents indicated “much” and (48.4%) of the respondents indicated “very much”.

Table 4.6: Intense supervision of frontline personnel

Response	Frequency	Valid Percent	Cumulative Percent	Mean score	Standard deviation
Somehow	7	22.6	22.6		
Much	18	58.1	80.6		
Very much	6	19.4	100.0		
Total	31	100.0		3.97	0.657

The findings in table 4.6 above show that intense supervision of frontline personnel is one of the strategies adopted by Safaricom, as indicated by (22,6%) of the respondents who indicated “somehow”, (58.1%) of the respondents indicated “much” and (19.4%) of the respondents indicated “very much”.

Table 4.7: Developing brand or company name identification

Response	Frequency	Valid Percent	Cumulative Percent	Mean score	Standard deviation
Very little	2	6.5	6.5		
Somehow	2	6.5	12.9		
Much	7	22.6	35.5		
Very much	20	64.5	100.0		
Total	31	100.0		4.45	0.888

Findings in table 4.7 above show that developing brand or company name identification was adopted by Safaricom, as indicated by (6.5%) of the respondents whose response was “somehow”, (22.6%) of the respondents indicated “much” and (64.5%) of the respondents indicated “very much”.

Table 4.8: Targeting a specific market niche or segment

Response	Frequency	Valid Percent	Cumulative Percent	Mean score	Standard deviation
Very little	3	9.7	9.7		
Somehow	7	22.6	32.3		
Much	12	38.7	71.0		
Very much	9	29.0	100.0		
Total	31	100.0		3.87	0.957

Findings in table 4.8 above show that Safaricom adopted the targeting of specific market niche or segment in order to remain competitive, as indicated by (22.6%) of the respondents whose response was “somehow”, (38.7%) of the respondents indicated “much”, and (29%) of the respondents indicated “very much”.

Table 4.9 Providing specialty products/services

Response	Frequency	Valid Percent	Cumulative Percent	Mean score	Standard deviation
Very little	1	3.2	3.2		
Somehow	2	6.5	9.7		
Much	15	48.4	58.1		
Very much	13	41.9	100.0		
Total	31	100.0		4.29	0.739

The findings in table 4.9 above show that provision of specialty products/services is one of the strategies adopted by Safaricom in a bid to remain competitive. The responses show that whereas (6.5%) of the respondents indicated “somehow”, (48.4%) indicated “much” and (41.9%) indicated “very much”.

4.3.2 The relationship between the competitive strategies used by Safaricom and its performance

In order to meet the second objective of the study, “to establish the relationship between the competitive strategies used by Safaricom and organizational performance”, the respondents were asked to rate how the organization compared with competitors on the basis of listed performance indicators over the most recent three year period. The responses are summarized and presented as follows:

Table 4.10: Total Revenue Growth

Response	Frequency	Valid Percent	Cumulative Percent	Mean score	Standard deviation
Lowest (1-20%)	8	25.8	25.8		
Lower (21 - 40%)	5	16.1	41.9		
Middle (41 - 60%)	2	6.5	48.4		
Next (61-80%)	3	9.7	58.1		
Top (81 - 100%)	13	41.9	100.0		
Total	31	100.0		3.22	1.69

With respect to total revenue growth, 25.8% of the respondents indicated that organization belonged to the lowest bracket (1 – 20%), 16.1% of the respondents indicated that their respective organizations belonged to the lower bracket (21 – 40%), 6.5% of the respondent Safaricom workstations belonged to the middle bracket (41 – 60%), 9.7% of the respondent Safaricom workstations belonged to the next bracket (61 – 80%) and 41.9% of the respondents belonged to the top bracket (81 – 100%).

Table 4.11: Total Asset Growth

Response	Frequency	Valid Percent	Cumulative Percent	Mean score	Standard deviation
Lowest (1-20%)	1	3.2	3.2		
Lower (21 - 40%)	5	16.1	19.3		
Middle (41 - 60%)	6	19.4	38.7		
Next (61-80%)	7	22.6	61.3		
Top (81 - 100%)	12	38.7	100.0		
Total	31	100.0		3.69	1.24

With respect to total asset growth, the responses show that 3.2% of the respondents indicated that Safaricom belonged to the lowest bracket (1-20%), 16.1% of the respondents belonged to the lower bracket (21 – 40%), 19.4% of the respondents belonged to the middle bracket (41 – 60%), 22.6% of the respondents belonged to the next bracket (61 – 80%) and 38.7% belonged to the top bracket (81 – 100).

Table 4.12: Net Income Growth

Response	Frequency	Valid Percent	Cumulative Percent	Mean score	Standard deviation
Lowest (1-20%)	2	6.5	6.5		
Lower (21 - 40%)	2	6.5	13.0		
Middle (41 - 60%)	5	16.1	29.1		
Next (61-80%)	8	25.8	54.9		
Top (81 - 100%)	14	45.1	100.0		
Total	31	100.00		4.00	1.17

With respect to net income growth, the findings show that 6.5% of the respondents indicated that Safaricom belonged to the lowest bracket (1 – 20%), 6.5% of the respondent Safaricom workstations belonged to the lower bracket (21 – 40%), 16.1% of the respondent Safaricom workstations belonged to the middle bracket (41 – 60%), 25.8% of the Safaricom workstations belonged to the next bracket (61 – 80%) and 45.1% of the Safaricom workstations belonged to the top bracket (81 – 100%).

Table 4.13: Market Share Growth

Response	Frequency	Valid Percent	Cumulative Percent	Mean score	Standard deviation
Lowest (1-20%)	7	22.6	22.6		
Lower (21 - 40%)	4	12.9	35.5		
Middle (41 - 60%)	7	22.6	58.1		
Next (61-80%)	3	9.7	67.8		
Top (81 - 100%)	10	32.2	100.0		
Total	31	100.00		3.14	1.55

Findings in table 4.14 show that with respect to market share growth, 22.6% of the respondent Safaricom

workstations belonged to the lowest bracket (1 – 20%), 12.9% of the Safaricom workstations belonged to the lower bracket (21 – 40%), 22.6% of the Safaricom workstations belonged to the middle bracket (41 – 60%), 9.7% of the respondents belonged to the next bracket (61 – 80%) and 32.2% of the respondent Safaricom workstations belonged to the top bracket (81 – 100%).

Table 4.14: Overall Performance or Growth

Response	Frequency	Valid Percent	Cumulative Percent	Mean score	Standard deviation
Lowest (1-20%)	2	6.5	6.5		
Lower (21 - 40%)	3	9.7	16.2		
Middle (41 - 60%)	10	32.2	48.4		
Next (61-80%)	3	9.7	58.1		
Top (81 - 100%)	13	41.9	100.0		
Total	31	100.00		3.61	1.34

With respect to overall performance and growth, findings of the study in table 4.16 above show that 6.5% of the of the respondents belonged to the lowest bracket (1-20%), 9.7% of the respondents belonged to the lower bracket (21 – 40%), 32.2% of the respondents belonged to the middle bracket (41 – 60%), 9.7% of the respondents belonged to the next bracket (61 – 80%) and 41.9% of the respondents belonged to the top bracket (81 – 100%).

5 CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents conclusions drawn from the research findings and the recommendations for practice and for further studies.

5.2 Conclusions

Findings of the study show that the strategies adopted by Safaricom so as to cope with the competitive environment include vigorous pursuit of cost reductions; providing outstanding customer service; improving operational efficiency; controlling quality of products/services; intense supervision of frontline personnel; developing brand or company name identification; targeting a specific market niche or segment; and providing specialty products/services. The findings also show a significant relationship between the strategies adopted by Safaricom in Kenya and the organization’s performances with respect to the following objective performance indicators: total revenue growth, total asset growth, net income growth, market share growth and overall performance or growth.

5.3 Limitations of the Study

The scope of the study could be a limiting factor in that only Safaricom participated in the study out of the four major mobile telephone service providers, namely Safaricom, Zain, Yu, and Orange. The findings may thus not be representative of the whole population of the mobile telephone service providers. However, the sampling technique used ensured that each respondents had a non-zero chance of being selected to participate in the study.

Though the researcher was determined to undertake the study to completion within the given time frame, various constraints were encountered as earlier envisaged. The time allocated for data collection may not have been sufficient to enable the respondents complete the questionnaires as accurately as possible, considering that they were at the same time carrying out their daily duties and priority is of essence. The researcher preferred to administer the data collection tools to only the sampled respondents, however, this was practically not possible as some of them delegated this request since they were either too busy or were away on official duties.

The competitive nature of the mobile telephone service providers in Kenya also meant that some of the information sought was of confidential nature and could not be divulged for fear of giving a potential competitor an upper hand. The respondents were however re-assured that all information provided would be treated confidentially.

5.4 Recommendations

5.4.1 Recommendations for policy and practice

In view of the findings of the study, the following strategies recommended for adoption by Safaricom in order to cope with the competition: Adoption of vigorous pursuit of cost reductions, provision of outstanding customer service, improving operational efficiency, controlling quality of products/services, intense supervision of

frontline personnel, development of brand or company name identification, targeting a specific market niche or segment, and providing specialty products/services. The more of the stated strategies the telephone service providers adopt, the more competitive they will be.

5.4.2 Recommendations for further research

The findings of this study, it is hoped, will contribute to the existing body of knowledge and form basis for future researches. The following areas of further research are thus suggested: Whereas the current study focused on competitive business strategies and firm performance in the mobile telephone service industry in Kenya, future studies should seek to establish whether the same strategies are applicable to other sectors of the economy. Further studies should also focus on the challenges faced in implementation of the competitive strategies and the possible mechanisms that could be employed to overcome the challenges.

REFERENCES

- Aaker, D. (1984), *Developing Business Strategies*, N.Y.: John Wiley & Sons Inc.
- Allen, R.S and Helms, M.M. (2006), Linking strategic practices and organizational performance to Porter's generic strategies, *Business Process Management*, 12(4), 433-454.
- Anon (1998), "Strategy according to Michael Porter", *The Antidote from CSBS*, Vol. 1 pp.24-5.
- Ansoff, I., (1957). Strategies for Diversification, *Harvard Business Review*, Vol. 35 Issue 5, Sept- Oct 1957 pp. 113- 124.
- Baker, M.J., Black, C.D. and Hart, S. (1988), "The competitiveness of British industry: what really makes the difference?", *European Journal of Marketing*, Vol. 22 No.2, pp.70-85.
- Buckley, P., Pass, C.L. and Prescott, K. (1988), "Measures of international competitiveness: a critical survey", *Journal of Marketing Management*, Vol. 4 pp.175-200.
- Buzzell, R.D. and Wiersema, F.D. (1981), "Successful share building strategies", *Harvard Business Review*, Vol. 59 No.1, pp.135-44.
- Chakravarthy, S. (2000), "Business line:e-strategy: different strokes", *Businesslike*, October 4. *Daily Nation* April 27th 2010, *Weekly Business Magazine* page 10 & 11.
- Darrow, W.P., Algin, B. and King, D.H. (2001), "David vs Goliath in the hardware industry: generic strategies and critical success factors as revealed by business practice", *The Mid-Atlantic Journal of Business*, Vol. 37 No.2/3, pp.97-109.
- Day, G.S. and Wensley, R. (1988), "Assessing advantage: a framework for diagnosing competitive superiority", *Journal of Marketing*, Vol. 52 pp.1-20.
- Dess, G.G. and Davis, P.S. (1984), "Porter's generic strategies as determinants of strategic group membership and performance", *Academy of Management Journal*, Vol. 26 No.3, pp.467-88.
- Dess, G.G. and Miller, A. (1993), *Strategic Management*, McGraw-Hill, New York, NY.
- Dess, G.G. and Robinson, R.B. Jr (1984), "Measuring organizational performance in the absence of objective measures", *Strategic Management Journal*, Vol. 5 pp.265-73.
- Frazier, G.L. and Howell, R.D. (1983), "Business definition and performance", *Journal of Marketing*, Vol. 47 pp.59-67.
- Hall, W.K. (1983), "Survival in a hostile environment", in Hamermesh, R.G. (Eds), *Strategic Management*, Wiley, New York, NY, pp.151-69.
- Helms, M.M., Clay, D. and Peter, W. (1997), "Competitive strategies and business performance: evidence from the adhesives and sealants industry", *Management Decision*, Vol. 35 No.9, pp.689-703.
- Hill, C.W.L. (1988), "Differentiation versus low cost or differentiation and low cost: a contingency framework", *Academy of Management Review*, Vol. 13 No.3, pp.401-12.
- Hlavacka, S., Ljuba, B., Viera, R. and Robert, W. (2001), "Performance implications of Porter's generic strategies in Slovak hospitals", *Journal of Management in Medicine*, Vol. 15 No.1, pp.44-66.
- Hooley, G.I. and Lynch, J.E. (1985), "Marketing lesson's from the UK's high-flying companies", *Journal of Marketing Management*, Vol. 1 pp.65-74.
- Hyatt, L. (2001), "A simple guide to strategy", *Nursing Homes*, Vol. 50 No.1, pp.12-3.
- Johnson, G. and Scholes, K. (1993), *Exploring Corporate Strategy*, 3rd ed., Prentice-Hall International, Hemel Hempstead.
- Kim, L. and Lim, Y. (1988), "Environment, generic strategies, and performance in a rapidly developing country: a taxonomic approach", *Academy of Management Journal*, Vol. 31 pp.802-27.
- Kippenberger, T. (1996), "A strong focus at Amoco UK", *The Antinode*, Vol. 1 No.1, pp.22- 4.
- Khesal, N.R. (2005). 'Differentiation Strategies for Operators sharing UMTS Networks', KTH, Stockholm, Retrieved 26 April, 2006 from Google Scholar.
- Kotler, P. (2003). *Marketing Management*, 11th Ed., USA: Prentice Hall.
- Littler, D. (1988), "Perspectives on competitiveness", *Marketing Education Group Proceedings*

- of the 21st Annual Conference, Huddersfield Polytechnic, Vol. Vol. 3 pp.57-72.
- Lusch, R.F. and Laczniak, G.R. (1989), "Macro-environmental forces, marketing strategy and business performance: a futures approach", *Journal of the Academy of Marketing Science*, Vol. 17 pp.283-95.
- Malburg, C. (2000), "Competing on costs", *Industry Week*, Vol. 249 No.17, pp.31.
- McCracken, L. (2002), "Differentiation: win new business with less effort", *Principal's Report*, Vol. 2 No.4, pp.1.
- Muthangya, M.S. (2007). Strategic responses to competitive environment. A case of Safaricom limited: Unpublished MBA Research Project, University of Nairobi.
- Ochako, J.O. (2007), Strategic issue mgt practices by mobile telephony companies in Kenya. A case study of Safaricom Limited: Unpublished MBA Research Project, University of Nairobi.
- Olunga, V.O. (2007). Responses of Safaricom to changes in the telecommunication industry in Kenya: Unpublished MBA Research Project, University of Nairobi.
- Parker, B. and Helms, M.M. (1992), "Generic strategies and firm performance in a declining industry", *Management International Review*, Vol. 32 No.1, pp.23-9.
- Parasulaman, A., (1986) *Marketing Research*, Canada, Addison – Wesley Publishing Co.
- Pearce, J.A and Robinson, J.B., (2007) *Strategic Management: Formulation, Implementation Control*, 10th edition.
- Phillips, L.W., Chang, D.R. and Buzzell, R.D. (1983), "Product quality, cost position, and business performance: a test of some key hypotheses", *Journal of Marketing*, Vol. 47 No.2, pp.26-43.
- Porter, M. (1985), *Competitive Advantage Creating and Sustaining Superior Performance*, Free Press, New York, N.
- Porter, M. (1987), "From competitive advantage to corporate strategy", *Harvard Business Review*, May/June, pp. 43-59.
- Porter, M. (1996), "What is strategy?", *Harvard Business Review*, November/December, pp. 61-78 .
- Porter, M.E. (1980), *Competitive Strategy*, Free Press, New York, NY.
- Powers, T.L. and Hahn, W. (2004). Critical competitive methods, generic strategies, and firm performance. *The International Journal of Bank Marketing*, 22(1)43-64.
- Rajecski, R. (2002), "What's your brand", *Contracting Business*, Vol. 59 No.3, pp.40.
- Reed, P. (2002). *Strategic Marketing Planning*, Monash University.
- Reilly, T. (2002), "Be a champion of the solution", *Industrial Distribution*, Vol. 91 No.5, pp.62.
- Ross, D.N. (1999), "Culture as a context for multinational business: a framework for assessing the strategy-culture 'fit'", *Multinational Business Review*, Vol. 7 No.1, pp.13-9.
- Rumba (2008), Strategic responses by mobile phone companies in Kenya to environmental changes. Unpublished MBA Research Project, University of Nairobi.
- Saunders, J. and Wong, V. (1985), "In search of excellence in the UK", *Journal of Marketing Management*, Vol. 1 pp.119-37.
- Surowiecki, J. (1999), "The return of Michael Porter", *Fortune*, Vol. 139 No.2, pp.135-8.
- Sy, D. (2002), "The view from Taft", *Businessworld*, Vol. 2 pp.1.
- Thompson, A. and Strickland, A. (1998), *Crafting and Implementing Strategy*, Irwin McGraw-Hill, New York, NY.
- Tuminello, R. (2002), "The psychology of client selection", *Northwest Construction*, Vol. 5 No.2, pp.14.
- Venu, S. (2001), "India: competitive advantage: alternative scenarios", *Businessline*, Vol. 12 pp.1.
- Wright, P. (1987), "A refinement of Porter's strategies", *Strategic Management Journal*, Vol. 8 No.1, pp.93-101.
- Yin, R.K. (2004), *Case study research: Design and methods*. Newbury Park, CA: Sage, 85.
- www.cck.co.ke (Communications Commission of Kenya Website)
- www.essar.co.ke (Essar Kenya Limited Website)
- www.safaricom.com (Safaricom Kenya Limited Website)
- www.zain.com (Zain Kenya Limited Website)

ABBREVIATIONS AND ACCRONYMS

CCK	Communication Commission of Kenya
GSM	Global System for Mobile Communication
M-PESA	Mobile Phone Money Transfer
PAT	Profit After Tax
PBT	Profit Before Tax
SPSS	Statistical Package for Social Sciences

APPENDIX I: QUESTIONNAIRE

This questionnaire has been designed to collect information from Chiefs, Heads of Departments, Regional and Area Managers of Consumer Sales Department and Retail departments of Safaricom countrywide and is meant for academic purposes only. The questionnaire is divided into two sections. Please complete each section as instructed. Do not write your name or any other form of identification on the questionnaire. All the information in this questionnaire will be treated in confidence.

SECTION I: BACKGROUND INFORMATION

1. Name of the department (Optional) _____
2. For how long have you been in current position? (Tick as appropriate)
 - (a) Less than 1 year
 - (b) 1 to 5 years
 - (c) 6 to 10 years
 - (d) 10 Years and above
3. How many full time employees does the section have (Please tick as appropriate)?
 - (a) Less than 25
 - (b) 26 to 50
 - (c) 51 to 75
 - (d) 76 to 100
 - (e) 101 and above
4. For how long have you worked in the organization? (Tick as appropriate)
 - (a) Less than 1 year
 - (b) Between 1 and 5 years
 - (c) Between 6 and 10 years
 - (d) Between 11 and 15 years
 - (e) 16 years and above

SECTION II: THE IMPACT OF COMPETITIVE STRATEGIES ON SAFARICOM

6. Competitive strategies used by Safaricom

Listed below are possible strategic practices used by organizations. With respect to your department, indicate the extent to which each of the listed strategic practice is used. (Tick as appropriate)

Strategic practices used	Response				
	Very much (5)	Much (4)	Somehow (3)	Very little (2)	Somewhat enough (1)
Vigorous pursuit of cost reductions					
Providing outstanding customer service					
Improving operational efficiency					
Controlling quality of products/services					
Intense supervision of frontline personnel					
Developing brand or company name identification					
Targeting a specific market niche or segment					
Providing specialty products/services					
Others (Specify)					

7. Performance of Safaricom Regions

Rating of how your organization compares to competitors on the basis of the listed performance indicators. Compare of region's performance level to other regions for each of the five items, over the most recent three-year period.

Objective performance indicators	Average over three years					
	Lowest 1-20 percent	Lower 21-40 percent	Middle 41-60 percent	Next 61-80 percent	Top 81-100 percent	Not applicable
Total revenue growth						
Total asset growth						
Net income growth						
Market share growth						
Overall performance or growth						

Performance of Safaricom over the last 5 yrs

Year	2008	2009	2010	2011	2012
Total revenue Growth	34.97b	47.44b	61.36b	70.48b	83.9b
Total asset growth	23.77b	32.79b	42.64b	55.9b	70.3b
Net Income	8.43b	12.01b	13.85b	10.54b	15.15b
Market share growth(subscribers)	3.94m	6.1m	10.2m	13.36m	15.79m

The IISTE is a pioneer in the Open-Access hosting service and academic event management. The aim of the firm is Accelerating Global Knowledge Sharing.

More information about the firm can be found on the homepage:

<http://www.iiste.org>

CALL FOR JOURNAL PAPERS

There are more than 30 peer-reviewed academic journals hosted under the hosting platform.

Prospective authors of journals can find the submission instruction on the following page: <http://www.iiste.org/journals/> All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Paper version of the journals is also available upon request of readers and authors.

MORE RESOURCES

Book publication information: <http://www.iiste.org/book/>

Academic conference: <http://www.iiste.org/conference/upcoming-conferences-call-for-paper/>

IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digital Library, NewJour, Google Scholar

