COMPETITIVE STRATEGIES ADOPTED BY SAFARICOM KENYA LIMITED TO MAINTAIN MARKET LEADERSHIP IN THE INTERNET MARKET IN KENYA

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DECLARATION

This research project is my own work and has never been submitted for examination in any other university.

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This project has been submitted with my authority as the university supervisor.

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DEDICATION

To God Almighty

For being the reason for my living, all I do is because of your grace.

To My parents

For instilling in me the desire to acquire knowledge beyond the borders of my visions, to challenge the norm and to venture into the uncharted territories where few dare to explore.

To my love Francis and my daughters Mercy and Marissa

For being my greatest supporters and partners in my journey of discovery and learning, believing in every dream and supporting me on every mission. For waking me up at the wee hours of the night to make sure a paragraph of this project was completed, thank you Francis for graciously stepping up to take care of the girls when I was away in the library and thank you Mercy for reminding mom that there needs to be work-home balance.

ABBREVIATIONS AND ACRONYMS

3G: Third Generations networks

ARPU: Average Revenue per User

BNK: Best Network in Kenya

CAK: Communication Authority of Kenya

CDI: Customer Delight Index

CEO: Chief Executive Officer

CNM: Core Network Maintenance

GSM: Global System for Mobile communications

HR: Human Resources

IRU: Independent Right of Use

ISP: Internet Service Providers

KPTC: Kenya Post & Telecommunication Corporation

4G/LTE: Fourth Generation/Long Term Evolution technology

MNO: Mobile Network Operators

MVNO: Mobile Virtual Network Operator

SACCO: Savings and Credit Co-operative

SIM: Subscriber Interface Module

SLA: Service Level Agreement

SME: Small and Medium Enterprises.

STI: Science Technology and Innovation

VoIP: Voice over Internet Protocol

USD: USA dollar

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ABSTRACT

Rapid evolution in the internet and telecommunications technology has resulted in an increase in the numbers and modes of internet access as well as its use. Traditional internet service providers have found themselves facing steep competition from telecommunication companies that were initially focused on provision of voice calls. These organizations have therefore been forced to strategically position themselves in order to succeed in the ever changing market driven by rapid changes, in technology, reduced access costs, reduced device costs, increasing customer demands, increased competition and increased government regulation in the industry. Safaricom Kenya limited has emerged as a leader in the internet market in Kenya with a current market share of 65.2% of all internet business in Kenya. This study sought to determine the competitive strategies adopted by Safaricom Kenya Limited to maintain market leadership in the internet market in Kenya, the factors that have contributed in the success of the company in the internet market in Kenya and the challenges the company faces in the employment of the strategies it has taken to ensure it maintains market leadership in the internet market in Kenya. To achieve this, a case study research method was chosen. The researcher used face to face interviews administered to five heads of departments that are key to the design, implementation, marketing, technology support, resourcing and customer support of internet products and services in Safaricom Kenya limited. The interviewer was aided by an interview guide to collect primary data that was qualitative in nature. Data collected was analyzed using the content analysis technique. The research found that Safaricom Kenya limited has adopted a number of strategies implemented simultaneously to maintain leadership in the internet market in Kenya. The strategies are innovation and technology leadership, new product values with distinctive capabilities, product differentiation strategy, focus and segmentation strategy, new business models, process innovation, customer intimacy and relationship management. These strategies enables the company to stay ahead of competition, provide relevant products and services and ensure customer relationships are managed. The research found that executive support, experienced management, highly skilled staff, seamless communication, strong financial capability and partnerships and innovation to be key factors that have enables the company to succeed in the internet market business in Kenya. The researcher established that customer education, fast rate of evolution of telecom technologies, slow rate of standardization of protocols in vendor equipment, huge capital costs and tight government regulations were challenges the company faced as it strived to implement the strategies to maintain market leadership in the internet market in Kenya. This research was limited to Safaricom Kenya limited and thus the findings obtained in this study may not be directly applied in a different market segment but rather be used for comparison purposes only. The researcher recommends a similar research to be conducted but in a different context such as the leading consumer goods provider or transport service provider. This would provide an excellent avenue for comparison on whether the competitive strategies adopted by Safaricom Kenya limited to maintain market leadership in the internet market in Kenya can be applied to a different market segment with similar results. Also, due to the changing dynamics in the internet and telecommunications market globally, the researcher recommends a repeat of the study after a period of about ten years to test if the strategies still hold true and allow for a reliable conclusion to be done.

1. CHAPTER ONE: INTRODUCTION

1.1 Background of the study

(Porter, 1980) notes that business units in a specific industry focus on finding a unique position in the industry where they can best defend and outdo the competitive forces affecting their operations or influence these forces to their favor. Organizations then make these unique positions their main goal when it comes to competitive strategy. (Porter, 1985) further postulates that when a firm sustains profit that exceed the average for the industry in which it exists, the firm is said to possess competitive advantage over its rivals. Lotto et al. (1998) observes that in a competitive environment a firm succeeds in competing by becoming different from its competitors in a way that is recognized and appreciated by its potential clients. This may be achieved by offering benefits similar to those of competing products or services but at a lower cost or delivering benefits that exceed those of the competing products. (Techtarget, 2007) notes that market leadership denotes the position of a company with the largest market share or highest profitability margin in a given market for goods or services. Market share may be measured by either the volume of goods sold or the value of those goods. Organizations intending to achieve market leadership own or control relevant technologies in their area of operation. They act fast in implementing the technologies and create products and aim to make them industry standards (Kotelnikov, 2004).

This study is anchored on two theories. The resource based theory and the open systems theory. According to Grant (2001), the resource based view is an "inside out" process of strategy formation. The theory looks at a firms resources and capabilities and the ability of these resources to generate and maximize value to an organization in a sustainable way. (Bastedo, 2004) advances that open systems theory refers to the

concept that organizations are strongly influenced by their environment. The environment comprises other organizations and entities that exert various forces of an economic, political, or social nature. These organizations also provide key properties that sustain an entity and lead to change and survival.

Telecommunications firms in Kenya exist in very dynamic environments with cut throat competition. These organizations therefore develop strategies to guide the organization in their operations with the aim to achieve and maintain market leadership. Safaricom Kenya limited Kenya limited is one of the telecommunications organizations in Kenya that has been leading in the internet market since it ventured into the same. It therefore needs to constantly develop and monitor its competitive strategies to maintain market leadership in the sector.

1.1.1   The concept of competitive strategy

When an organization achieves and maintains profits that exceed the average for those in its industry, it is said to be competitive over its rivals. This occurs when a firm is able to provide benefits that exceed those offered by competing products. (Porter, 1985) noted that a firm's relative position within its industry determines whether a firm's profitability is above or below the industry average. Competitive advantage has been the goal of many business strategies since it is centered on the whole idea of an organization's existence, which is to maximize shareholders investments returns. (Porter, 1998).

Successful implementation of competitive strategies therefore gives an organization an advantage over its rivals. It also provides an ability to create greater value for the organisation as well as its investors. This in turn generates more competitiveness and ensures that the organization continues to be successful in the market in which it exists.

An organization with a sustainable the competitive advantage, is more successful and makes it more difficult it is for competitors to defuse its competitive advantage and take on a part of the market from the competing organization.

1.1.2 Market leadership

According to (Techtarget, 2007), market leadership denotes the position of a company with the largest market share or highest profitability margin in a given market for goods or services. Tec target further postulates that market share may be measured by either the volume of goods sold or the value of those goods. The market leader commands a significant lead in its market sector and has substantial market share. (Kotelnikov, 2004) notes that if a firm want to lead the market, it must be the industry leader in forming an innovation-friendly organization, developing new business models and new products or services. The organisation must be on the cutting edge of new technologies as well as innovative business processes. Its customer value proposition must offer a superior solution to a customers' problem, and the products must be well differentiated from its peers in the industry (Kotelnikov, 2004).

Organizations intending to achieve market leadership own or control relevant technologies in their area of operation, regardless of whether anyone else is using it. They aim to be the first to roll out and act fast in implementing the technologies. They also create new products and aim to make them industry standards (Neal Et al, 2008). Market leaders focus on developing high growth business strategies, inspire vision and stretch their targets and develop creative competitive and marketing strategies. They also invest in their organisation structure incorporating lean processes and alliances that provide a competitive edge over the competitors.

1.1.3   Internet market

The Internet has had an amazing impact on almost every facet of the lives of people in a relatively short period of time. Since invention, the internet has opened up unlimited opportunities and possibilities, becoming the go to place for accessing information and new ideas. The internet has also opened up a new world of communities. The internet has grown and evolved to influence how we interact, how we conduct business, how we learn, and how we proceed day to day. (Internet society, 2016).

According to (Jumia research, 2015), the government of Kenya has invested in undersea fibre-optic cables which continue to expand internet penetration rates at a rapid pace across the whole country. This new infrastructure has largely contributed to the massive 25% YoY increase in the subscriptions for internet subscriptions (Communication authority of Kenya, 2014). The advancement of mobile technology and focus on the provision of low cost internet services has opened up a whole new market as people use their mobile phones to access information over the phones. The estimated number of internet users is 26.1 million (Communication Authority of Kenya, 2016). Fierce competition between telecommunications companies has been steadily decreasing the cost of data. Social media sites have been a key driver of internet access with the youth spending upto78% of their internet bundles on social media sites (Zook & Allen, 2001)

1.1.4   Telecommunications industry in Kenya

Mobile telephony industry in Kenya has rapidly grown in the past decade from a monopoly in the year 2000 to the current oligopoly system with a total of 38.3 million subscribers at March 2016. This growth in mobile telephony has primarily been driven by advancements in wireless technology that has allowed for accelerated and cost

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effective rollout of mobile networks (Qiang, Rossotto& Kimura, 2009). Mobile telephony in Kenya is managed by the Communications Authority of Kenya (CAK), formerly Communications Commission of Kenya (CCK). By the end of the first quarter of 2016, the total mobile telephony services usage penetration of Kenya was at 38.1 million, translating to 89.2 % nationally (www.ca.go.ke).

The telecom industry is rapidly evolving, shaped by the constant innovations in the ICT sector, both infrastructural and in software technology. These result in cut throat competition among the players in the industry. (JsbResearch, 2015) reports that a change in the licensing regime introduced the converged licensing model in 2008 which lowered the entry barriers to the telecoms market and increased competition by allowing operators to offer any kind of service in a technology and service neutral regulatory framework (Lancaster, 2015). With this development, operators continue to roll out backbone fiber across national and metropolitan and wireless access networks. Companies that started out as ISPs and small IT solution prividers, transformed into second-tier telecommunication companies.

1.1.5   Safaricom Kenya Limited

Safaricom Kenya Limited is the leading mobile network operator in Kenya and is publicized as the largest company in east and central Africa in both profits, resources and inovations. According to (Safaricom Website, 2016), Safaricom Kenya Limited started out as a department of Kenya Posts & Telecommunications Corporation formed to try the new mobile phone technology that was emerging. It operations launched in 1993 based on an analogue ETACS network. The technology was later upgraded to GSM in 1996. Safaricom Kenya limited got incorporated on April 1997 as a private limited liability company and fully owned subsidiary of Telkom Kenya. Currently the

shareholder structure is with Government of Kenya 35%, Vodafone 40% and Free Float 25% traded on Nairobi stock exchange. In 2008 the Kenyan government offloaded 25% of its stake making the company a public company with limited liability (www.safaricom.co.ke). Safaricom Kenya limited has continuously invested in the network infrastructure capability and proudly boasts of being the most advanced and extensive network in Kenya. The company describes itself as the leading converged communication solutions provider operating a single business driver that has an unrivalled understanding of voice, video and data requirements. Safaricom Kenya Limited is currently the only telecommunications provider of both broadband high-speed data to its customers through its LTE network.

The (LTE) achievement has positioned the company as a pioneer in the region to have a trial of this technology making it a leader not only in service provision but also in technological advancement in the region (Rerolle, 2015). Innovation remains a central part of the organization's interest with an entire department dedicated to innovations. The company is also positioning itself to be the market leader in the provision of internet services at mobile, home, SME and large enterprises.

Safaricom Kenya Limited has successfully managed to stay ahead of competition in the provision of integrated telecommunications services to its customers. The company currently enjoys a 60.8% market share of the total mobile internet users in Kenya followed by Airtel at 21%, orange at 11% and Equitel at 6%. (Communication authority of Kenya, 2016). In order to respond to the challenges of new competitors, markets, and technologies, Safaricom Kenya Limited had to undergo continual change, both at a strategic and operational level in order to remain competitive and to maximize the achievement of the organization's mission of transforming lives. Safaricom Kenya

limited has undergone both leadership and structural changes to ensure it aligns itself with the market requirements thereby remaining competitive (Ogutu, 2014).

1.2   Research problem

In highly competitive environments, organizations are often compelled to employ all their resources in making sure that they are operating at an optimum to maximize their advantage over their competitors. (Thompson & Strickland, 2002) noted that a company has competitive advantage whenever it has an edge over its rivals in securing customers and defending itself against competitive forces. The market leader has substantial market share and is dominant in is chosen industry (Kotelnikov, 2004). Organizations that want to lead the market, must be the industry leader in establishing an innovation-friendly organization, developing new business models and new products or services.

The telecommunications industry being agile forces organizations trading in the sector to constantly come up with competitive strategies to survive the tight competition. Data technologies have earned a place as one of the core disruptors of the digital age (Olavsrud, 2016). Safaricom Kenya limited being one of the telecommunications companies needs to constantly adopt its competitive strategies to the ever changing market in order to maintain market leadership in the emerging data market.

Competitive strategies have been a subject of research across the globe. Olmsted (2000) conducted studies on competitive strategy in the global telecommunications market. Her research reveals that general drivers of growth for the telecommunications industry today are the expansions of both product and geographical markets. (Warnerfelt & Karnani, 1987) notes that competitive strategy under uncertainty involves a tradeoff between acting early and acting later after the uncertainty is resolved. (Tellis & Golder,

1996) in their research on the real causes of enduring market leadership found that market leaders embody five factors critical to success: vision, persistence, commitment, innovation, and asset leverage.

Recent studies on competitive strategies on Safaricom Kenya limited include Njuguna (2012) who did a study on the competitive strategies adopted by Safaricom Kenya Limited to tackle competition. In his research, Njuguna found out that the cost leader strategy is adopted and there is a frequent change in strategy when the one adopted is seen not to be working. He concludes that in order to succeed, a company needs to use more than one strategy. Kasyoka (2011) undertook a research on the use of strategic positioning to achieve sustainable competitive advantage at Safaricom Kenya Limited. In his findings, Kasyoka concludes that the use of cutting edge technology was a strong driver to the company's sustainable the competitive advantage. He identifies the role of cost leadership in achieving sustainable competitive advantage as an area of further research.

In the research work analyzed, the researchers adopt a generalist approach to Safaricom Kenya Limited's competitive strategy approach. This leaves a gap as to whether the same is adopted for specific products especially Data. To identify the same, this research has been identified. This study therefore seeks to answer the research question; what are the competitive strategies adopted by Safaricom Kenya Limited to maintain market leadership in the internet market in Kenya?

1.3 Research objectives

The objectives of this study are to:

i. Identify the competitive strategies used by Safaricom Kenya limited to achieve market leadership in the internet market.

ii. Establish factors that have contributed to the success of the company in the internet market in Kenya.

iii. Identify challenges facing the company in implementing competitive strategies to achieve market leadership in Kenya.

1.4 Value of the study

It is anticipated that this study will be significant to a diverse set of stake stakeholders across the country. The first being Safaricom Kenya Limited and other ISPs in the industry. This research will provide new insights on to the effectiveness of some of the interventions that the company has adopted in this avenue. Such insight may be used in the identification of missing gaps in the strategy and contribute towards shaping approaches for new data based products. The insights from this research will also contribute towards shaping the "go to market" strategy for internet based products for the company

This research is aimed at providing more insights to the already existing work done in the area of internet access in Kenya. Insights from this research will provide new knowledge in the subject of internet access in Kenya from a different angle, the angle of marketing and aggressive campaigns targeting at enticing usage and therefore penetration and adoption. Such insight will provide insights as to the best interventions

needed to ensure that internet service adoption is grown, irrespective of the service provider or promoter of such interventions.

Communications Authority of Kenya, the national authority is tasked among other duties to license all systems, services, carriers and operators in the communications industry in Kenya. The regulator also type approves and accepts communications equipment meant for use in the country, protects consumer rights within the communications environment, manages competition within the sector to ensure a level playing ground for all players, regulates retail and wholesale tariffs for communications services and manages the universal access fund to facilitate access to communications services by all in Kenya. All these are major factors affecting internet service penetration in the country and therefore interrogating their implementation and challenges faced in the process of implementing by the most successful provider will provide insights that the regulating authority could use to improve the operating platform for all interested investors in the sector.

The Economic pillar of vision 2030 blueprint for long term sustainable development is centered on Science, Technology and Innovation (STI). For this to be in place, the penetration, adoption and usage of internet is key, therefore this study will provide useful insights on to the milestones achieved so far and other complementary aspects that could increase penetration even for accelerated Economic development.

2. CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section covers the theoretical framework for the study. A review on the literature available on competitive strategy, market leadership and the factors leading to the successful implementation of competitive strategies. The section also looks at the challenges faced by organizations in implementing competitive strategies.

2.2 Theoretical foundation

Many theories exist in the area of competitive strategies and market leadership of organizations. (Porter, 1980) postulates the five forces theory that provides a framework that models the business environment. These forces are buyer power, supplier power, threats of substitutes, threat of new entrants and rivalry. Porter's five forces model defines an attractive industry as one where the combination of these five forces act to drive overall profitability while a very unattractive industry is one that approaches complete competition. The five forces model has been frequently used by strategy managers intending to understand the industry dynamics in which a firm exists.

Most of the modern theories of organization have adopted the principles of the open systems perspective. As a result, open systems theories come in different variations in their form and usage. Contingency theorists argue that organizations are organized in such a way as to make the best utilization of the environmental factors where they exist (Bastedo, 2006). Institutional theorists view organizations as an avenue that allows for both the social and the societal values to be entrenched in the organization structure and its change.

Resource dependency theorist on the other hand postulate that organizations adopt to their environments relative to the resources at their disposal. In as much as there is a wide variety of perspectives provided by open systems theories, these variant theories converge in the perspective that an organization's survival is dependent upon its relationship with the environment in which it exist (Bastedo, 2004). For the purpose of this study, the Resource based theory and the open systems theory have been adopted with the Resource based theory being the anchor theory

2.2.1 Resource based theory

The resource-based view (RBV) focusses on the application of an organizations resources as a basis for the competitive advantage of a firm. These resources may be tangible or intangible in nature but are applied in a sustained manner to generate competitiveness in the firm. (Mwailu & Mercer, 1983). Similarly, to achieve a sustained competitive advantage, the resources applied are required to be heterogeneous in nature.

The Resource based view model is provides a theoretical foundation in which an understanding of a firm's superiority can be done. It also contributes to more knowledge in the areas of management practice. The resource based theory explores the attributes of strategic market factors, form resources, organization culture, and trust and information technology as sources for competitive advantage of organizations. According to the resource based theory, there are four main indicators for the ability of a firms resources to generate sustained competitive advantage. These are value, rareness, imitability, and substitutability. (Lado & Wilson, 2000) explores the role of human resource systems in facilitating or inhibiting the growth of an organization's key competencies.

The competencies, identified as transformational, input based, output based and managerial are views ad the key contributors to competitive advantage of a firm. The resource based theory identifies the resources and capabilities of a firm as the primary building blocks for establishing an organization's strategy and identifying its sources of profitability. (Wernerfelt, 1984) observes that the resource based model has greatly contributed in the appreciation of long lived differences in a firm's profitability that cannot be attributed to industrial conditions.

2.2.2 Open systems theory

(Bastedo, 2004) theorized the open systems theory as a concept whereby organizations are strongly influenced by the environments in which they exist. The environment is made of up of an ecosystem where many other similar and different organizations co-exist while exerting various forces of an economic, political, or social nature (Grant, 2001). The interaction of the organizations in this environment then results to the production of key resources that enable organizations to be sustained or to change in order to survive. Open systems approach to management considers all organizations as open systems which are influenced by the environment in which they exist.

The open system further postulates that organizations interact with their surrounding environment in terms of inputs and outputs and constantly adopt to the changes in the environment in which they exist. The open systems theory structures the functions of a business in such a way that through clearly defined lines of coordination the overall business objectives are collectively pursued (Burnes, 2009).

2.3   Competitive strategy and market leadership

(Porter, 1980) outlines the principle of formulating competitive strategy as being core to an organization's environment.   Organizations therefore formulate strategies to enable them remain competitive in the industry. This is done by finding a position in the industry where the company can best defend itself against competitive forces or influence them to its favor (Porter, 1980). When a firm achieves and sustains profit that exceed the average for its industry, the firm is said to possess a competitive advantage over its rivals (Porter, 1985). Lotto et al. (1998) notes that in a competitive environment a firm succeeds in competing by becoming different from its competitors in a way that is recognized and appreciated by its potential clients. To do this, an organization may decide to deliver benefits that outdo those of its competitor while maintaining costs that are lower than those of its competitors. Porter (1985) goes on to outline the three basic types of competitive strategies that an organisation can adopt as cost leadership, differentiation and focus strategies.

Market leadership denotes the position of a company that has the highest profitability or largest market share for its services or products in an industry in which it exists (Techtarget, 2007). This is measured either by analyzing the volume of goods sold, turnover in terms of service rendered or the value of the goods. Organizations intending to achieve market leadership own or control relevant technologies in their area of operation, act fast in implementing the technologies and create products and aim to make them industry standards (Kotelnikov, 2004).

(Tellis & Golder, 1996) in their research on the causes of a sustainable market leadership found that market leaders incorporate five factors critical to their success. These factors are innovation, leveraging assets for value maximisation, commitment and a clear vision,

2.4   Factors leading to a successful competitive strategy

(Markgraf, 2016) outlines the objective of a business's competitive strategy to be the delivery of a distinct advantage position in the marketplace where it exists. However since the market situation keeps evolving, the organization is required to know the factors that affect its strategy so it can monitor the key variables and adjust its operations to enable it to take advantage of the changes or opportunities as they emerge (Bert, 2016). Porter postulated that the elements of industry structure are buyer's strength, supplier strength, threat of new entrants and the availability of substitutes. He further noted that as the market position changes as influenced by the actions of competitors, organizations have to keep adjusting their strategy to ensure that it remains profitable by continuously delivering on its competitive advantage touch points. In organizations where the competitive advantage is pegged on the suppliers, the firm must constantly monitor the changes in the behavior of such a supplier in order to adjust its strategy to emphasize different competitive advantages.

In order for companies to be successful in the long term, they need to have both good products and services as well as versatile organisation structures. These are key factors to the consistent production and delivery of good products and services (Mumassabba Et al 2015). Some avenues for competitive advantage are more fluid than others. A company achieving a competitive strategy through its products may be overtaken by

one that invests in technology that allows it to produce products with advanced features and at relatively lower costs. The behaviour of competitors is therefore a major factor when it comes to competitive strategy. Organisaions intending to sustain their competitive advantage therefore must maintain a clear visibility on both existing and new entrants in the market (Markgraf, 2006).

The role of information technology in enabling organizations to remain competitive in the current dynamic market environment is key. Companies that do not embrace technological advancement have faced stiff competition and sometimes even remain irrelevant. (Fu &Zhang, 2012) postulates that management strengths and capabilities are an important contributor to the competitiveness of organisations in a particular industry.

Management capabilities are the unique abilities of an organization's leadership in clearly articulating the firm's strategic vision and to cascade it to the entire team responsible in the achievement of the vision. It also points to the ability of the leadership team to form an environment conducive for the achievement of the goals.(Fu & Zhang, 2012). Organisations with a leadership team have been found out to be leading in the achievement of a firm's competitive strategy (Molina et al., 2004).

2.5   Challenges of implementing competitive strategies

(Noble, 1999) outlines the biggest challenge in strategy process of any organisation to be is the phase after planning. Many organizations invest a lot of time and resource in the process of strategy formulation while the process of implementation goes unmonitored. This in turn translated to very low rates of achievement of the strategy.

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In order to ensure achievement of any strategy, teams drawn from all core functions within an organisation should be involved in the formulation stage. The participants involved should also have influence over their peers in the organisation to ensure credibility and buy in from their reporting work units. This participation is key to ensure all teams are aligned to the vision and their role in the actualisation of the strategy (Hrebiniak, 2005). It also ensures people appreciate the importance of the change proposed. People from different functions should be involved in ensuring the success of strategy implementation.

Because strategies are implemented by different teams who may interpret the strategy in different ways, it is important that consensus is achieved in the interpretation of the strategy. In conducting strategic planning, organisation's leaders and teams involved in the process develop a strong understanding of the business rationale behind the chosen strategy and the need for change in order to achieve set goals. However, people who are not involved in the formulation process may have difficulties identifying with the goals set by the formulators (Zook & Allen, 2001).

An organisation's structure may also be a challenge in implementing its competitive strategies. Managers need to create an environment that allows the organisation to operate at its best. People are the key strategic, resource and it is therefore essential for organizations to effectively utilize the know-how of their employees at the right places (Lorange 1998). (MacMillan, 1978) believed there is a need to develop commitment by the members of an organization to key strategic decisions. The involvement of as many people as possible in the organisation will create a kind of ownership in the new strategy, which increases commitment enormously.

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Communication has also been identifies as a key component to the attainment of any strategy. (Olson et al. 2005), notes that it is important for everyone in an organisation to be aligned to the strategic organisation of the firm as well as the objectives to be achieved and their role in the achievement of those objectives. Very often organisations adopt strategies which require a lot of teamwork and collaboration and teamwork in order to achieve success, while not focussing on the internal systems and reward structures needed to ensure such activities are successful. Failure to align management processes and structures with the new strategic direction adopted frequently results in a stalled implementation efforts, as member's direct individual efforts to align with the past strategic direction and not the newly stated strategy (Zook & Allen, 2001). (Rapert et al, 2002) notes that poor vertical communication inhibits effective strategy implementation.

3. CHAPTER THREE: RESEARCH METHODOLOGY

3.2 Introduction

This chapter outlines the research design, data collection, and the method that was used for data analysis. This being a case study, a selected number of respondents, with key knowledge of the company's strategies, were used as primary data sources for the data collection phase.

3.3 Research design

Research design refers to the overall strategy chosen to integrate the different components of the study in a coherent and logical way, thereby, ensuring that the researcher effectively address the research problem (Devaus, 2001). Research design constitutes the blueprint for the collection, measurement and analysis of data. The research problem determines the type of design to be used.

This study was based on a case study specifically focused on Safaricom Kenya Limited, the leading telecommunications company in Kenya (Communications authority of Kenya, 2016). This is because the study was aimed at investigating the competitive strategies adopted by the leading telecommunications company to maintain market leadership in Kenya. Case study research was chosen because it provides an excellent ability in enabling the researcher to understand complex issues or objects as well as provide an ability for incorporating what is already known through past research work. (Soy, 1997). This method was seen as the best in assisting the researcher to capture an in-depth analysis in to the management of resources and capabilities for the company to ensure the success of the company's Internet market strategy and how sustainable

these measures are. Case study research design was also chosen as it is useful for testing whether scientific theories and models actually work in the real world (Martin, 2008). This case study was therefore aimed at putting to test the resource based theory and the open systems theory. In this study, the researcher narrowed down to competitive strategies adopted by Safaricom Kenya Limited, a leading telecommunication company in Kenya to maintain market leadership in the internet market in Kenya

3.4   Data collection

Data collection is the process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer stated research questions, test hypotheses, and evaluate outcomes (NIU, 2005).This research involved the use of primary data. The data was collected through direct interviews. The approach was based on physical one on one conversations that aimed at collecting relevant information for the purpose of answering the research question. Interview technique was chosen because interviews are particularly useful for getting the story behind a participant's experiences and that the interviewer could pursue in-depth information around the topic under study (Harrish, 2009).

The interviews were administered to five key respondents working at Safaricom Kenya Limited Kenya limited chosen for this study due to their strategic positioning in the company. The interviews were conducted using an interview guide consisting of a set of questions designed to assist in the collection of the data.The interview guide was structured in three sections. Section A, the general information section was used to capture the interviewee general background. Section B, the competitive strategy specific section consisted of questions aimed to capture information on competitive strategies adopted to maintain market leadership in the internet marketand the third

section, section C was focused on challenges faced in implementing the competitive strategies.

The interviewees that were targeted for this research were senior level managers in the five key departments involved in the internet solution strategy, technology development, marketing, technical maintenance, customer support and resourcing. These interviewee's were chosen because they own the strategy, budget and market targets for the internet solutions delivered by Safaricom Kenya limited. The key departments that were chosen were technology strategy department, marketing department, operations support department, customer support department and the talent and resourcing department of HR team. They were best interviewees in providing relevant information needed for this research. The interviews were conducted on a face to face approach in a meeting setup with open ended questions as a guide to the interview process.

3.5 Data analysis

Data analysis is a process of bringing order, structure and interpretation of mass collected data (Marshall & Rossman, 1999). Data gathered was highly qualitative in nature and was systematically organized in a manner to facilitate analysis using the content analysis technique.

Content analysis technique was chosen because it makes inferences by systematically and objectively identifying specific characteristics of messages as the basis to relate trends (Nachmias & Nachmias, 1996). It captures a qualitative picture of interviewees concerns, ideas, attitudes and feelings. According to Weber (1990) Content analysis can be a useful technique for allowing us to discover and describe the focus of individual, group, institutional, or social attention. This method was therefore deemed

suitable for the analysis of data collected in this research. An in-depth understanding of the responses from the respondents was used in the analysis and interpretation of the data.

4. CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter focusses on an analysis of the data collected during the research, interpretation of the findings with reference to the objectives set out for the research which were to identify the competitive strategies used by Safaricom Kenya limited to achieve market leadership in the internet market, establish factors that have contributed to the success of the company in the internet market in Kenya and to identify challenges facing the company in implementing competitive strategies to achieve market leadership in Kenya.

To achieve the objective of the study primary data was collected by interviewing five departmental heads responsible for the conception, deployment, marketing, talent recruitment and customer support for the internet products at Safaricom Kenya limited. The researcher managed to interview all the interviewees. That is the head of technology strategy, head of marketing department, head of operations support department, director customer support and head of talent and resourcing at HR. All of them responded to the interview questions

4.2 General information

From the findings, the researcher found out that the average number of years in the area of engagement was between seven to fifteen years in Safaricom Kenya limited working on general telecommunication services products and services. The interviewees further recorded a focussed interest in the Data products and services from 2008 largely attributed to the investment and focus on 3G technology that propelled the adoption of mobile internet. That translated to a total of eight years in the data service sector. This was a positive attribute as the feedback given was rich in content given the long years of experience. Participants interviewed were drawn from the technology strategy, operations, marketing, customer management and resources departments in Safaricom Kenya limited. The interviewees noted that the company was focussed on the provision of internet services to the consumer markets, SME's, and large enterprises and corporate organisations. Different approaches are therefore adopted to ensure that the organisation acquires and maintains market leadership in the internet market in Kenya.

4.3 Competitive Strategies adopted by Safaricom Kenya limited to maintain market leadership in the internet market in Kenya.

The respondents agreed that different strategies has been put in place to allow the organization move in one focused approach in the provision of internet services with an aim to enable the organization to market, maintain a lead and continue to lead in all of its product and services. The organization is particularly keen on the internet market with one of its strategy focus areas be "to democratize data" meaning to provide data services to the local consumers who may not have traditionally been a focus target market in the internet services.

To achieve this, a set of strategies have been adopted in the business to achieve the objective. From the interviews, it was observed that the company focusses on a futuristic approach to internet market where the business is constantly investing in technology in order to stay ahead of the curve.

The business strategy department is constantly looking at global trends and the attribute that can be implemented locally to achieve market leadership and maintain competitiveness in the product offering. Internet service in particular has been a key focus where strategy has led the business to invest in areas that may currently not attract revenues in the near future but position the company as a technology leader. The marketing department then goes to create a market for the products through aggressive advertisements, customer educations, promotions and special offers that then draw the customers to the services. Investments in cutting edge technology infrastructure is one aspect that has made the organization to maintain a lead in the internet service market. Safaricom Kenya limited has heavily invested in key infrastructure such as submarine and terrestrial fiber optic cables that provide high speed internet connectivity both locally and internationally.

These allow the organization to direct traffic to international servers at super speeds while maintaining low costs as compared to providers that are currently leasing the service. The investments have also positioned the organization as a wholesaler of service effectively positioning it not only for local but also regional internet market business. The same investment has also lowered the average cost of carrying internet bandwidth as most costs are absorbed as capital costs. The interviewers reported that Safaricom Kenya limited has maintained both local and global partnerships in the investment in technology infrastructure.

This approach is important in allowing for better negotiated rates as a local operation unit may not enjoy the economies of scale that can be enjoyed by a larger alliance. Through partnerships, investments in cutting edge technology can be done at relatively lower costs that in turn translate in competitive priced services to the customers.

Locally, the company has partnered with the government as well as local enterprises in the rollout and support of infrastructure such as the National fiber optic cable that has provided connectivity and access to high speed, high volume bandwidth transmission from different towns in the city. This investment has enabled the rollout of 3G and 4G technology in many parts of the country positioning the company as a leader in technology capability. Partnerships with other Telco's has been done especially in rollout in areas where individual approaches are expensive. Collocation agreements allow for infrastructure sharing in the deployment of network footprint that ensures coverage across the country.

Competitive strategies adopted are both proactive and reactive in ratios of 70/30. Proactive strategies are internally driven and are forward looking. While reactive strategies ensure that the business is able to react to the external environment pressures and changes. This approach allows the organization to be a learning organization in its approach to business. The strategies adopted take a top down approach with corporate strategies being cascaded to the business units in the form of key performance indicators that are owned and managed from the business units.

The respondents reported that Safaricom Kenya limited is constantly looking at market dynamics guided by market research which then feeds into the internal implementation programs. It was also noted that the business has provisions for listening to the lower level staff in the strategy formulations.

Town hall meetings provide staff with an opportunity to provide feedback on the issues arising during the implementation of the strategies. The feedback is then adopted and incorporated where it has an ability to positively influence the strategy implementation with ease.

The respondents noted that the company has invested in a well-coordinated change management system that ensures that ensures a coordinated approach to engineering works. This consists of a change management board with teams from all technology departments as well as the business units that meets to review and approve all proposed changes ensuring seamless execution and coordination across business streams

The change management board is critical in ensuring that business is very rarely interrupted as the enhancements in the technology continue to be done across different business units. The team is also responsible to ensure that any failures that impact the customer experience are analyzed with an aim to quickly return to normalcy and prevent a recurrence of the same. Incident management is also a critical element in ensuring that unforced interruptions to the customer experience are handled in a coordinated manner that provides for fast resolution of faults as well as documentation of the failure rate to ensure improvement in service.

The respondents reported that in order to ensure the strategic focus areas are adhered to, a team of governance officers are specifically mandated to ensure all technology procurement aligns to the strategic vision. This ensures that operation departments are constantly aligned to the business focus areas in the implementation of the investments in technology department.

The approach is such that all projects are tied to a certain technology strategy key performance indicator. Without alignment no investment is done. The monitoring then goes on to assess the impact of the investment in quarterly, half yearly and annual basis, this is a technique that ensures accountability in the deployment of the technologies. The governance team ensures that technologies are monitored to realize the objective for which they have been deployed. Through this process, vendors are held accountable for the products they deliver.

Interviewees responded that Safaricom Kenya limited is very keen on talent management. This being the function that ensures competent resources are on boarded for the different business functions that develop and support the internet service solutions and products. Recruitment is done in collaboration with the business unit where the resources are to be deployed guided by the job function and technical requirements.

Interviewees noted that interviewing process is largely influenced by the function managers who give direction as to the technical competencies required for the role. Staff training and development especially in the emerging technologies remains key to the business because all staff are required to remain best in class in technologies that they support or use.

Different opportunities are provided to ensure the staff continue to remain top of class in technology aspects needed to deliver and support the internet based products which require knowledge in new and cutting edge technologies. The opportunities provided range from project based training where staff are trained as new technologies are being rolled out to ensure knowledge is transferred, certification based training where employees are required to have necessary certification needed to qualify then as profession professionals in their areas of work and E-learning platforms that ensure the staff continue to improve their knowledge in overall technology principles.

The company through the resourcing department therefore emphasizes on continuous learning and development of staff with training being a key part of employee engagement in the course of the year. Staff training approaches are also partnership based providing learning opportunities through workshops, expos and exhibitions that provide staff with up to date information on technology and what is needed to ensure the company stays ahead in its investment. Incentive based learning is promoted where the staff who take and complete the most E-learning courses in a year are recognized.

The interviewees noted that customer segmentation is one key strategy that has been successfully implemented the business especially where internet marketing is concerned. The business has segmented its internet customers into consumers, SME's and enterprise businesses. Specific marketing approaches are done to target these customers with solutions earmarked to meet their demands. In addition to marketing, specific teams are allocated to handle the different market segments. For organised markets, relationship managers ensure seamless on boarding, management and growth of the products in line with the business strategy. The team ensures business growth is achieved as customers have a direct contact who proactively looks at the unmet needs and looks into new business opportunities that can be created out of these needs.

Interviewees noted that through market segmentation, different pricing mechanisms have been arrived at with bundles as flexible and as low as five shillings to the corporate offerings billed in USD's per IRU. These ensure product is affordable across different market segments thus increasing uptake and use.

The interviewees noted that Safaricom Kenya limited has positioned itself a solution provider in the internet market as opposed to a network provider. The company has ventured into different markets such as the data centre provider business, web hosting, and cloud service provider among others. This has not only positioned the organisation as a leader in the delivery of internet services across different market streams but also opened new market streams that have grown the revenue opportunities for the business.

The marketing department remains key in ensuring brand visibility, product knowledge and customer loyalty in the internet market. To do this the marketing team has a focussed marketing approach targeting the different business markets through a mix of marketing campaigns, promos and offers meant to ensure customers maintain Safaricom Kenya limited as their preferred internet service provider. These promos are not only segmented in the markets but also adopt a regional approach to ensure localisation of content to the needs of the people targeted. The marketing team has also invested in market research to ensure a constant brief on the trends in the telecoms sector with specific reference to technology trends, competition and regulation. This keeps the team informed on the customer needs and forms a good insight into the product development teams. A feedback mechanism has been put in place to ensure customer demands, queries and even complaints are channelled to the appropriate business teams.

Brand ambassadors have been incorporated to take care of the different market segments, e.g. each university has their digital brand ambassadors whose role is to market Safaricom Kenya Limited's internet through localised campaigns, promos and offers done in collaboration with the marketing department at Safaricom Kenya limited. This ensures top of mind awareness for the Safaricom Kenya limited Brand and its products in the marketplace.

The interviewees noted that the company has invested in an elaborate retail and distribution networks ensuring that customers can buy recharge vouchers at their places of convenience. This is important as it allows the users of the service to access it when and where they need it. Different channels of network access such as M-pesa Top-ups, virtual airtime and Post-paid bundle solutions are provided to ensure the buying process of the vouchers is as seamless as possible. The retail centres are also positioned as avenues for marketing, device sales and promotions on a regular basis ensuring that customers are constantly enticed to not only purchase airtime but also buy handsets, and participate in promos that allow them to win small incentives that keep them feeling appreciated.

The interviewees noted that the company recognises the need to have customers who have capable devices to be able to guarantee service use. The company has thereby taken the challenge to ensure customers are equipped with technology capably devices through lobbying the regulator who ensures imports comply with the required standards deployed in the networks. The company also plays an active role in device strategy management by providing a wide array of devices in their retail shops spread across the country. The device strategy looks to ensure different customer segments can access the requisite technology.

Promos geared to drive sales in the technology capable devices are frequently done with focus from the low end users to the high end users of devices. Price segmentation thereby plays a key role in this regard.

The interviewees noted that the company boast of the best call center with over 1600 staff dedicated to answer the customer queries. The customer care department has a specific team dedicated to serve internet service users in the different categories with elaborate first line, second line and third line escalations to ensure customers can get the best service support. The call center operates on strict SLA's attached to customer queries to ensure fast resolution of cases. The interviewees reported that the customer management department has also ventured in alternative avenues to ensure a wider access for the many customers using the company's services. These include social media sites such as Facebook and twitter, a mobile application downloadable from the android market store and a website that provides a self-care platform for customers. This approach not only provides alternative channels of customer support but also ensures calls to the customer support center are reduced thereby giving the care agents adequate time to focus on fewer key issues.

4.4 Factors that have contributed to the success of Safaricom Kenya limited in the internet market in Kenya.

The respondents provides different factors that in their opinion have contributed to the success of Safaricom Kenya limited in the internet market in Kenya. Competitive products and services was highlighted as one of the key factors where the interviewees felt that Safaricom Kenya limited has managed to remain competitive in its product offering through different strategies adopted to ensure continuous innovation and product delivery that meets and exceeds customer expectations.

The company boasts as being the first in Kenya in the rollout of 3G, 4G technologies and in the optical cable infrastructure that are catalysts for high speed internet services. This has provided technological lead in the market with the company offering solutions to other service providers in a wholesale manner while still selling to end user consumer markets

The respondents highlighted that Safaricom Kenya limited is well endowed with competent top level managers that own and drive the data strategy. This ensured that teams are well briefed and appraised on their role in the delivery of best in class internet services. The managers closely monitor the strategic Key performance indicators that ensure the business is going on well. The managers also ensure feedback is incorporated to the product development cycle thereby continuously improving the final product.

The interviewees reported that seamless communication structures ensure all employees are well briefed of the organisation's strategic direction and their role in ensuring that the business targets are achieved. This is done on a two way front with corporate strategies cascaded top down while employee's feedback is taken in on a bottoms up approach and acted on with immediate, short-term and longer term response strategies ensuring collective responsibility in the achievement of internet service KPI's. Partnerships and collaborations were highlighted by the interviewees as key to the achievement of market leadership specifically in the data market segment in Kenya. Through partnership, the organisation has rolled out best in class network infrastructure. Ensures alignment with the country's strategic direction such are the provision of connectivity to remote and marginalised communities for safety and health of the citizens, vendor management and the observation of safety standards in the development of the internet solutions.

Partnerships were also reported as being key to ensuring service delivery was done in a fast and seamless manner irrespective of where a client could be across the country.

The interviewees reported that a robust organisation structure that if flexible and adoptable to change is also one of the strengths that allow the company to maintain competitiveness in the internet market. This is because cross functional teams are put together to design solutions that are innovative and competitive for the market. The organisation is designed with open work spaces that allow for a collaborative approach to work. Open door policies ensure fast decision making due to open access to top level management.

Interviewees noted that the organisation was focussed on continuous innovation and market research. Encouraging staff to innovate and contribute to the product design life cycle. This has led to product enhancements that in turn increase the organisation's competitiveness. Innovation reward and recognition programs ensure staff are motivated to keep innovating and coming up with new propositions for the market.

4.5 Challenges facing the company in implementing competitive strategies to achieve market leadership in Kenya.

The interviewees noted that the company is endowed with highly qualified youthful staff that are constantly looking for challenging environments to grow their careers. This while being a positive attribute has put a lot of pressure to the company in providing incentives that keep the staff engaged. The company has taken different measures to ensure the youthful staff are engaged and incentivised as they perform their roles. Such measures include employee welfare programs such as gym, crèche, and health centre and cafeteria services. Alongside youth friendly operating environments.

The interviewees also noted that customer education remains one of the key challenges facing the company as it strives to remain the market leader in the internet service provisions. Safaricom Kenya limited customers fall in the two extremes with very tech savvy customers demanding best in class services and support from the organisation while the general customer strive to catch up with emerging trends in the internet market. This has constantly called for different approaches to manage the customer complaints. The company therefore focusses on customer education approaches as well as customer appreciation and recognition strategies where tech savvy customers are involved.

The respondents noted that the rapid evolution of telecommunication technologies has posed a challenge in the operating environment. This is due to the emergence of many proprietor based protocols that make it difficult to operate across different vendor systems. The evolution has also led to fast depreciation of technologies already invested in, this has in turn translated to high sunk costs in the organisation as it strived to maintain its leadership in the internet service provision market.

The interviewees reported that to deploy best in class services, different vendors are engaged in the rollout phase for different equipment needed in the service deployment and these vendors have different strategic directions. It therefore becomes challenge to manage their conflicting interests where each tries to maximise its footprint by ensuring interoperability challenges with the others in their domain.

This reduces the deployment rate as well as the support requirements and turnaround times as blame games may ensue. Safaricom Kenya limited has emphasised on the implementation of standardized systems to reduce the effect of such challenges.

While the interviewees reported that while the organisation enjoys a lot of top leadership support, there still exists alignment challenges especially where technology focusses on the next big ideas which may not be market ready. This is because while enterprise business units are profit driven and therefore short term in their approach to investments, technology business units are innovation driven and therefore have slightly longer term focus in their investment approach. This causes a lot of back and forth engagement before buy in can be secured thereby delaying the rollout of the technology.

The interviewees noted that the government as a regulator plays a key role in the support of the growth of the telecommunications industry in general since it controls key resources such as the radio frequency spectrum and allocates it at its own will. In addition, policies enforced by the government have the ability to alter the way the company does business. A classic example being the regulators push for infrastructure sharing while the company has done a heavy investment in the rollout and no compensation is postposed. Such regulation forces the company to push back on the investments it makes on the infrastructure development.

4.6   Discussion

From the interviews conducted, it was observed that Safaricom Kenya limited has adopted a multi-faceted strategy approach in its endeavour to maintain leadership in the internet service market in Kenya.   The strategies are innovation and technology leadership, new product values with distinctive capabilities, product differentiation strategy, focus and segmentation strategy, new business models, process innovation, customer intimacy and relationship management. These strategies enable the company to stay ahead of competition, provide relevant products and services and ensure customer relationships are managed. The research found that executive support, experienced management, highly skilled staff,   seamless communication, strong financial capability and partnerships and innovation to be key factors that have enables the company to succeed in the internet market business in Kenya.

Product differentiation strategy has been adopted by the company to provide unique offerings in the internet solutions to its customers, complementing service availability with free applications that ensure customers continue to use the internet even when they run out of airtime albeit with reduced capabilities. Such services include hybrid of call minutes and SMS's on purchase of internet bundles to ensure users continue to use other mainstream services while connected as well as providing free access to some applications such as twitter for a fixed timeline after expiry of bundles.

Focus strategy has been used whereby the company has segmented its customers and come up with specific products for specific customer sets. The company's marketing approach is highly segmented with specific campaigns for specific market segments such as the generation Y, hustlers, flashers, professionals, SME's and corporates. Market segmentation has helped the company to reach out to the specific customer groups with products that meet the customer needs thereby increasing their patronage, revenue and positioning the company as a leader in the internet segment.

Technology leadership as a strategy has allowed the company to maintain a lead in the infrastructure that provides a strong competitive advantage over its rivals. Safaricom Kenya limited has deliberately aimed to be a first, not only in Kenya but in Africa in terms of cutting edge technology. Such is evident from the fact that the company boasts of many firsts such as the first company to introduce mobile money, the first to roll out 3G and 4G technologies and the first to introduce a customer loyalty program, bonga points among other services.

Partnerships have played a key role in positioning Safaricom Kenya limited as a leader in the internet market in Kenya. Different partnerships have been entered into to ensure the organisation is able to invest in cutting edge technologies at competitive price. Through partnerships with global Telco's such as Vodafone, Safaricom Kenya limited is able to enjoy discounts in the infrastructure key to the rollout of services. Local partnerships allow the organisation to implement solutions across the country with ease. Partnerships have also allowed the organisation to lobby for better operating environment from the regulator especially with reference to the regulations on network quality requirements, radio frequency resource use and infrastructure sharing regulations.

Operational efficiency has also played a key role in ensuring that the organisation continues to be competitive in its product offering in the internet market. The internal structures are aligned to deliver the strategic direction of the organisation. The researcher found out that the organisation often engages multi skilled teams working jointly in project to ensure implementation time is fast because all necessary skillsets are available when needed.

4.6.1   Comparison with theory

Resource based view takes the view that valuable, hard to copy firm resources and capabilities provide key sources of competitive advantage. (Hart, 1995). Such resources and capabilities include valuable and non-substitutable basic requirements for product delivery that are tacit, socially complex and rare.

Complemented by unique set of capabilities such as technology, product design, procurement processes, production capabilities, distribution channels and service delivery models. The research findings reveal that Safaricom Kenya limited competitive strategies align to the resource based view in that a great deal of investment has been done in infrastructural capabilities that are complex and difficult to replicate. This is due to the fact that a complex set of requirements are needed to implement the level of complexity and scale that the company has done. These include investments in terrestrial and submarine fibre optic network for data transmission, investment in radio frequency resources and expensive 4G licenses to enable the organisation utilise the resource for broadband distribution and investment in best in class network quality monitoring systems.

The company has also invested in internal systems developed in-house to complement the vendor based systems for value added services. This has been a major advantage to the company in the service delivery as it positions the organisation ahead of its competition in the market.

Safaricom Kenya limited is able to leverage its international partnerships to its advantage especially for a better negotiating ability that has influenced the procurement of its core resources to its advantage. Through partnerships such as the Vodafone discounting agreement, Safaricom Kenya limited enjoys better discounts and contract services that may not be available to the competition which it uses to enhance its product offering.

Agile methodologies are used for product development which emphasises on adaptive planning, evolutionary development, early delivery, and continuous improvement while encouraging rapid and flexible response to change. Through this approach the go to market journey has been reduces significantly by allowing for the rollout of the minimum viable products and focussing on continuous improvement based on customer feedback on the products. This not only reduces cost to market but also increased customisation ability of the products based on customer feedback.

The company has also invested in an elaborate distribution network that makes it possible for customers to access the company's products as easily as possible. This is a resource strength whereby as competition struggles to keep visibility and access to its services beyond the headquarters, Safaricom Kenya limited is readily accessible and therefore top of mind when customers are looking for internet service providers. The study also found out that Safaricom Kenya limited is well endowed with young, extremely competent and aggressive human resource.

The organisation has also created a culture of productivity and competitiveness which promotes innovation among its staff. This may not be easy to replicate even when competition decided to recruit the staff. The organisation culture positions Safaricom Kenya limited as a difficult to imitate entity in the market.

Open systems theory refers to the concept that organizations are strongly influenced by their environment (Bastedo, 2004). The open systems approach to management considers all organizations as open systems which are influenced by the environment in which they exist. The environment consists of other organizations that exert various forces of an economic, political, or social nature and provides key resources that sustain the organization and lead to change and survival. The open system postulates that organizations interact with their surrounding environment in terms of inputs and outputs and constantly adopt to the changes in the environment in which they exist. The research found out that Safaricom Kenya limited is constantly reviewing the external environment both at local and international view levels with an aim of staying abreast with the technological advancements and market dynamics that may impact its business especially in the internet market products. Though the market research function the organization receives up to date reports on competitive products and their changes allowing it to adjust or reshape the products to remain competitive in the industry. Feedback on the impact of promos and offers to the existing customer experience is monitored to ensure that the experience is not degraded in an attempt to bring onboard more customers. The feedback is monitored from different customer touchpoints like the customer support center, retail shops and the social media platforms and is acted upon fast.

4.6.2 Comparison with other studies

The research found that Safaricom Kenya limited has adopted a number of strategies implemented simultaneously to maintain leadership in the internet market in Kenya. These strategies are innovation and technology leadership, new product values with distinctive capabilities, product differentiation strategy, focus and segmentation strategy, new business models, process innovation, customer intimacy and relationship management. These findings are in line with the findings of Lotto et al. (1998) who notes that in a competitive environment a firm succeeds in competing by becoming different from its competitors in a way that is recognized and appreciated by its potential clients. Safaricom Kenya limited has achieved this by delivering benefits that exceed those of the competing products.

The findings also relate to Kotelnikov (2004) who noted that organizations intending to achieve market leadership own or control relevant technologies in their area of operation, act fast in implementing the technologies and create products and aim to make them industry standards. Safaricom Kenya limited has positioned itself as a market leader in best innovative technologies by being the first in Kenya to roll out 3G, 4G/LTE for the advancement of high speed internet services. These strategies enables the company to stay ahead of competition, provide relevant products and services and ensure customer relationships are managed.

The researcher found that executive support, experienced management, highly skilled staff, seamless communication, strong financial capability and partnerships and innovation to be key factors that have enables the company to succeed in the internet market business in Kenya.

These findings compare to the findings of Mumassabba Et al (2015) who found out that companies will only be able to be successful over the longer term if they not only have good products and services, but also structure their organization such that they are able to consistently produce and deliver good products and services. The researcher's finding are also comparable to the observation by Fu & Zhang (2012) that management capabilities are a key determinant of the competitiveness of firms and a major source of enterprises. Management capabilities are unique capabilities of an organization, firstly, to articulate a strategic vision and communicate it to the entire organization, providing its members with power to carry it out and secondly, to foster a beneficial organization environment relationship (Fu & Zhang, 2012).

The researcher also established that customer education, fast rate of evolution of telecom technologies, slow rate of standardization of protocols in vendor equipment, huge capital costs and tight government regulations were challenges the company faced as it strived to implement the strategies to maintain market leadership in the internet market in Kenya. These findings compare with the observation by Zook & Allen (2001) that people not involved in the strategy formulation process may struggle to identify with the goals and strategies outlined by firm leaders.

5. CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of major findings from the research guided by the general objectives of this study which were to identify the competitive strategies used by Safaricom Kenya limited to achieve market leadership in the internet market, establish factors that have contributed to the success of the company in the internet market in Kenya and to identify challenges facing the company in implementing competitive strategies to achieve market leadership in Kenya. The research also sought to answer the following research question; what are the competitive strategies adopted by Safaricom Kenya Limited to maintain market leadership in the internet market in Kenya?

5.2 Summary of findings

The study found that Safaricom Kenya limited had incorporated different strategies that has led to the company's success as a leader in the internet service market in Kenya. These strategies are implemented concurrently with different teams focusing on different strategies as per their roles in the company. Technology leadership as a strategy was found to be a core aspect from where the company derived its competitiveness due to its future focused approach in product development. This has enabled the organization to remain the preferred go to provider for best in class services.

This approach has helped the organization benefit from the first mover advantage in emerging technologies. Investments in the terrestrial and submarine optic cable, 3G and 4G technologies, the M-pesa platform, the bonga reward system were found to be aspects that demonstrate leadership in technology. The research also found out that the company was keen on driving a device strategy that ensures customers have handsets with the requisite technology to allow for the use of the technologies driving data traffic.

The study revealed that the organization adopted the focus strategies with customer segmentation allowing the company to reach to its diverse client base with relevant customized products in the internet service offering. Internet service customers were classified as hustlers, generation Y, flashers, young professionals, SME's and large corporations. The internet solutions were also differentiated. This strategy has ensured that customers find relevant affordable services.

Organization structure was a key strength in that the researcher found out that teams are structured in a manner that complement the data strategic direction. Strategy, planning, deployment, support and customer care teams are aligned to the product vision and development. This has greatly contributed to the successful rollout and support of the technologies needed to manage demand for services. Elaborate change management structures enable seamless integration of new technologies without interrupting existing services and ensure fast resolution of faults in case they happen. It was also observed that the company is flexible in the structure and keeps changing to remain optimal. The organization was also found to embrace open door work place policies that ensured fast decision making by cutting the bureaucracies attributed to hierarchical models.

The research found out that human resource capabilities were a core strength that contributed in the organization's leadership in the internet service market in Kenya. The organization boasted of highly qualified youthful and ambitious employees who derive pleasure by remaining at the helm of cutting edge technology. This had promoted a culture of innovation and productivity among the staff. It was also found out that the human resource team promotes a learning environment by providing staff with different opportunities to learn and continue to advance their skills.

From the research, it was found out that partnership play a key role in positioning the company as a leader in the internet market in Kenya. Partnership were both local and international scale. International partnerships with global Telco's allowed the company to leverage on price of key infrastructure resources to its advantage thereby allowing it to offer competitive prices on its tariffs and data bundles. Local partnerships allowed the organization to deploy network infrastructure needed for service access at competitive speeds and also ensure the company was staying focused on the core objective while leaving contractors to manage support services.

Customer support service was a key aspect that allowed the company to remain competitive in the market, the researcher found out that Safaricom Kenya limited had invested in a well-equipped and well-resourced customer support center with teams focused to support data service products. The investment in alternative channels ensures that customers have a channel to raise problems encountered in the use of the internet service and get quick support. It was also found that the organization has incorporated account managers to take care of the SME and corporate clients in a personalized manner. This allows for a relationship approach and opportunity to explore new products thereby generating more business for the company.

With reference to the factors that have contributed to the success of Safaricom Kenya limited in the internet market in Kenya, the researcher found out that the existence of competent top level managers was key to the success of the organization as it was able to translate strategies to actionable work plans that resulted in competitive products and services. Support from top leadership was also found to be key in allowing staff execute the visionary strategies where revenue would not be assured in the short term. This enabled the company to continuously become a first mover in technology therefore benefiting from the first mover advantage. Seamless communication structures ensured the organization was aligned with respect to the data strategy. This allows staff to appreciate their role in delivery of the strategy to keep leading in the internet market and to execute. Financial capability was also seen as a factor leading to success of Safaricom Kenya limited in the internet market in Kenya. This is because the organization is able to make highly capital intensive investments that competition may not have the ability to invest in. the company's focus on continuous innovation was found out to be a key factor for the success coupled with aggressive market research which ensured the organization was constantly meeting the needs of the ever changing market while still innovating new products.

The researcher also found out that the organization was dealing with some challenges as it strived to implement strategies to maintain market leadership. Such challenges included slow rate to get executive buy in on future focused strategies that could not guarantee revenues in the short run. It was however noted that through innovations teams, the company was able to get support for trials on new technologies that promised to disrupt the market.

The researcher found out that whereas the organization prided itself in having young, highly competent staff. The same was also a highly volatile group that was prone to movements across the telecom sector in their endeavor to rise in the corporate world. The company has therefore had to put in place incentives to ensure the needs of the staff are met. Such incentives include comprehensive health covers, gym facilities, crèche for mothers, and medical facility at the work place and diversified cafeteria services the work place was also designed to foster collaboration that is common among the youthful age groups. Customer education was also a key challenge in the company's' endeavor to continue leading in the internet market. The researcher found out that the company had two sets of customers. The very tech savvy customers that demanded best in class services and support as well as the less informed adopters that needed a lot of product education to ensure effective use of the services provided. The researcher also found out that the government as a regulator plays a key role in the support of the growth of the telecommunications industry in general since it controls key resources such as the radio frequency spectrum and allocates it at its own will. In addition, policies enforced by the government have the ability to alter the way the company does business. A classic example being the regulators push for infrastructure sharing while the company has done a heavy investment in the rollout and no compensation is postposed. Such regulation forces the company to push back on the investments it makes on the infrastructure development.

5.3   Conclusion

The researcher therefore concludes that the competitive strategies adopted by Safaricom Kenya limited to maintain leadership in the internet market in Kenyaare technology leadership strategy, differentiation strategy, focus strategy, cost leadership strategy and market focus strategy. Further the researcher observed that the Safaricom Kenya limited has adopted the resource based view and the open systems view of competitive strategy in its operations. It was revealed that this strategic approach has enabled Safaricom Kenya limited to understand its customers' needs and develop and solutions that add value to their lives while maintaining a future focusses approach that enabled it to remain a technology leader in the internet service market in Kenya.

The findings also observed that investment in elaborate customer support channels were playing a key role in ensuring customer satisfaction and business growth. This approach has also attracted more customers which resulted to increased sales and market share.

The research found out that competent leadership, flexible organisation structures, young and highly competent staff, innovative organisation culture, financial capability, partnerships and executive support were key factors that has contributed to the success of the company in the internet market in Kenya.

The researcher noted some challenges that the organisation faces in the execution of the strategies to remain a leader in the internet market in Kenya such as the conflict between short term revenue targets verses long term investments in innovations that needed executive buy in before being implemented, turnover of competent staff who are highly marketable, high capital cost for emerging technologies, standardisation of technologies and interoperability of vendor infrastructure, government regulations and consumer education.

The researcher found out that the company had taken a proactive approach to mitigate the challenges by engaging in trial projects in collaboration with vendors, educating its customers, initiating recognition award schemes for its innovative staff and lobbying the government for better operating environment.

5.4 Recommendations

As part of the research questions, the researcher sought to know what additional strategies would enhance the competitiveness of Safaricom Kenya limited in the internet market. The researcher recommends the following strategies. A collaborative approach to the broadband strategy for the country to ensure that the investment costs for the company are reduced as different players take up different capital costs. Safaricom Kenya limited has had to invest heavily in fibre infrastructure which would not be the case has the government ben involved in the same. Collaborations also ensures that different stakeholder's interests are taken care of in the rollout of services. E.g. Consumer representatives would protect consumer interests while NEMA and CAK ensures that that the operations of the organisations do not threaten the environment. The researcher also recommends programs for accelerating the appreciation the top leadership where future visions are concerned.

These may be in form of briefs, workshops or mentorship programs put in place to ensure executive sponsorship for visionary initiatives is secured without a lot of back and forth that eats in to the deployment time. The researcher recommends an alignment in staffing to ensure a balanced work flow especially in the customer support departments where different levels of escalations have been put in place to address customer problems. The researcher also recommends the organisation to engage more staff in understanding the customer challenges to allow them serve their needs better.

With regards to policy and practise, the researcher recommends that the regulator relook at the device management to ensure standard devices are sold in the market. This is because it emerged from the interviews that lot of handsets being sold were not capable to adopt to the network configurations due to the fact that they were not standardised. There also needs to be a regulated plan to migrate uses from old technologies thus freeing up the frequency reuse by modern, efficient technologies that have come up. This can only be driven by the regulator.

Globally, the standardisation of protocols needed for internet communication remains a challenge that needs to be solved by entities such as the institute for electrical and electronics engineering and the international telecommunications union to allow seamless interoperability of systems between vendors. This would ensure telecoms operators are able to leverage the best features of all without the challenge of interoperability of the highly capital intensive applications.

5.5 Suggestions for further research

The researcher recommends a similar research to be conducted but in a different context such as the leading consumer goods provider or transport service provider. This would provide an excellent avenue for comparison on whether the competitive strategies adopted by Safaricom Kenya limited to maintain market leadership in the internet market in Kenya can be applied to a different market segment with similar results.

Due to the changing dynamics in the internet and telecommunications market globally, the researcher recommends a repeat of the study after a period of about ten years to test if the findings that have been realised on the competitive strategies will still hold true. This will allow for a reliable conclusion to be done.

5.6   Limitations of the study.

While care was taken to ensure a comprehensive and in-depth research, analysis and documentation of findings to answer the research question, the researcher was faced with a number of challenges along the research period that had to be mitigated to ensure a successful study.

As a part time student, the researcher had to strike a balance between studies and full time employment. This posed a challenge on time needed to conduct a more extensive sample size for the data collection. The researcher however identified the best interviewees to ensure data collected during interviews was intensive and provided an in-depth understanding of the strategies, factors and challenges that Safaricom Kenya limited used to maintain market leadership in the internet market in Kenya.

The researcher faced a challenge in the long time it took to get approval to conduct research as well as get buy in from the interviewees because of strict policies on information sharing in Safaricom Kenya limited. The researcher was however keen to share all the necessary approvals to the interviewees to secure their confidence. This forced the researcher to conduct back to back interviews with the interviewees to recover the lost time and allow for adequate time to conduct analysis and commendation.

The researcher was also faced with financial challenges because some interviewees were located in areas that needed travel budgets to reach. The researcher was able to secure the financials needed to travel and conduct interviews.

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APPENDICES

Appendix 1: Research Gaps

Researcher	Research Topic	Major Findings	Knowledge Gaps
Mutisya, James M, 2015	Strategic innovation as an approach to sustainable competitive advantage by Safaricom Kenya Limited in Kenya	The study found that the organization has optimized strategic innovation for its customers and it understands how to translate the strategic innovation to business indicators.	The study was focused on general strategic innovation, this therefore is limited as a broad set of information was reported as an overall strategy for all products and services.
Meru Joshua M, 2015	Influence of competitive strategies on market share at Safaricom Kenya Limited.	The study found that the adoption of modern technologies enabled Safaricom to achieve integration that created a platform to easily interact with their customers and thus increase access to their products and services.	The study does not focus on internal resource capabilities and how these contribute to the overall competitive advantage.

Muthee, Kenneth M, 2014	Knowledge management as a strategic tool for competitive advantage at Safaricom Kenya Limited Kenya	The study found that through knowledge management Safaricom Kenya Limited has developed a range of products and services. Also, policies laid down by the government such as taxation are key challenges that the organization face in creating polices and strategies on knowledge management.	The study recommends a further study on other strategic resources contributing to the competitive advantage of the company.
Stella Njeri D' Silva, 2012	Strategic response by Safaricom Kenya Limited to competition within the mobile telephone industry	The study found that the most popular competitive strategies used by Safaricom Kenya Limited to boost its market share are differentiation strategy, focus strategy, cost leadership strategy and market focus strategy.	The research suggests further research in the area of
Kanyoi, Mercy W, 2012	Leveraging on corporate culture as a strategy in driving the	The study concluded that culture as a strategy has a great influence in driving the competitive advantage of a	The study did not cover the influence of specific elements of corporate culture on strategy

	competitive advantage of Safaricom Kenya Limited.	company and that aligning organizational culture with strategy is a powerful means of gaining and sustaining competitive advantage in industry or sector leadership.	
Irungu, CW, 2010	Strategies used by Safaricom Kenya Limited in responding to the competitive environment	The research concluded that the responses to the competitive environment that have led to fruitful results were strong financial strategies, innovation, invention, strategies, research and development ventures and investment in technology strategies.	The research is limited in that it doesn't cover the contribution of innovation of new products to the overall competitiveness of the company. It also proposes further research to be conducted on the role of marketing and promotion in the success of the company.
Chacha, Eunice L, 2010	Resource based view strategy at Safaricom Kenya Limited Limited	The study concluded that the RBV contributes to advantages such as enhancing staff potential through involvement in strategic decision making, adopting people focused	The study does not focus on the data services strategy

		mechanisms which deliver the strategy including employee selection and communication.	

Appendix 2: Interview Introduction Letter

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

Telephone: 020-2059162   P.O. Box 30197
Telegrams: "Varsity", Nairobi   Nairobi, Kenya
Telex: 22095 Varsity

DATE 1/9/2016

TO WHOM IT MAY CONCERN

The bearer of this letter JOSEPHINE KAMANTHE NDAMBUKI

Registration No. D61/67036/2016

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

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

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

01 SEP 2016

PATRICK NYABUTO
SENIOR ADMINISTRATIVE ASSISTANT
SCHOOL OF BUSINESS

Appendix 3: Permission to conduct interviews at Safaricom

Josephine Kamanthe Ndambuki

From:	Kui Kinyanjui
Sent:	Tuesday, September 20, 2016 11:01 AM
To:	Josephine Kamanthe Ndambuki; Maureen Wanjiku Njuguna; Dennis Mbuvi
Cc:	Margaret Salome
Subject:	Re: Permission to conduct interviews for my MBA research project

This is ok by me.
Please share the study once you are ready to and all the best.

Kind Regards,

Kui Kinyanjui

Head of Corporate Communications

Safaricom House, Waiyaki way

P. O. Box 66827-00800, Nairobi Kenya

Direct line: +254 (0) 722 005662

Twitter: @KuiKinyanjui

From: Josephine Kamanthe Ndambuki <JNdambuki@Safaricom.co.ke>
Date: Tuesday, September 20, 2016 at 10:58 AM
To: Maureen Wanjiku Njuguna <MNjuguna2@Safaricom.co.ke>, Dennis Mbuvi <DMBUVI@Safaricom.co.ke>
Cc: Kui Kinyanjui <mkinyanjui@safaricom.co.ke>, Margaret Salome <MSalome@Safaricom.co.ke>
Subject: RE: Permission to conduct interviews for my MBA research project

Hello Maureen
I confirm that the research is purely for academic purposes and will not be published without prior consent from Safaricom.
I will also be keen on the trade secrets while conducting my analysis.

Kindly see a confirmation letter from the university to that effect.

Best

Appendix 4: Interview Question Guide

Goals of the interview process

i. Identify the competitive strategies used by Safaricom Kenya limited to achieve market leadership in the internet market.

ii. Establish factors that have contributed to the success of the company in the internet market in Kenya.

iii. Identify challenges facing the company in implementing competitive strategies to achieve market leadership in Kenya.

Section A: Interviewee background

1. How long have you worked at Safaricom Kenya Limited?

2. What department are you in?

3. How long have you held your current role?

Section B: Competitive strategies adopted by Safaricom Kenya Limited to maintain market leadership in the internet Market in Kenya.

4. What are the current strategies for marketing data services in Safaricom?

5. Who is formulates and implements competitive strategies for data segments?

6. How are the strategies geared towards achieving a competitive edge?

7. Do you consider the various competitive strategies adopted by Safaricom Kenya Limited to be proactive or reactive to the changes in the external environment?

8. How doesthe competitive strategies influence Safaricom Kenya Limited in achieving market leadership in the internet/data market in Kenya?

9. Does competitive strategies contribute to increased customer satisfaction in the internet segmentation, if yes pleaseexplain?

10. What strategies implemented by Safaricom Kenya Limited that have led to the achievement of high market share in the data market?

11. In your opinion, what factors that have contributed to the success of the company in the internet market in Kenya?

12. What new strategies do you think Safaricom Kenya Limited should implement to maintain the lead in the internet market share?

Section C: Challenges in implementing competitive strategies to achieve market leadership in Kenya.

13. What are the challenges you have experienced in implementing the strategies geared to increase the leadership of Safaricom in the internet market?

14. How is the company dealing with the challenges?

15. Has the external environment influenced the implementation of the strategies?

16. In your opinion, is the organisation structure and resources properly aligned to contribute to the achievement of the competitive strategies?