# COMPETITIVE STRATEGY AND ORGANIZATIONAL PERFORMANCE OF TELECOMMUNICATIONS INDUSTRY IN KENYA

**BY**

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# DECLARATION

This research project is my original work and has not been presented for examination in any other University or college.

Signature………………………… Date………………………………

**Lista Ogake Omayio**

**D61/79203/2015**

This research project has been submitted for examination with my approval as the University Supervisor.

Signature……………………… Date…………………….…………...

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# DEDICATION

I would like to dedicate this project to my entire family, for the words of encouragement and love they accorded me throughout entire period I was doing my MBA. A special dedication to my sister Jane and my son Phil Adams for encouraging me to aim for the sky.

# ACKNOWLEDGEMENT

I would like to thank God for the good health, my family for the encouragement that they have given me throughout this period. May God shower his blessings unto you. A special thank you to my supervisor Dr. Catherine Ngahu for giving me useful and valuable guidelines in the challenging and time-consuming process of writing this project. God bless you.

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# ABBREVIATIONS AND ACRONYMS

| | |
|---|---|
| **CAK** | Communications Authority of Kenya |
| **GOK** | Government of Kenya |
| **GSM** | Global Systems for Mobile |
| **ICT** | Information and Communication Technologies |
| **KBV** | Knowledge-Based View |
| **MBV** | Market-Based View |
| **MVAS** | Mobile Value Added Services |
| **RBV** | Resource-Based View |
| **SPSS** | Statistical Package for Social Sciences |
| **KPTC** | Kenya Posts and Telecommunications Corporation |
| **POSTA** | Postal Corporation of Kenya |

# ABSTRACT

The objective of the study was to establish the impact of competitive strategy and performance of telecommunication sector in Kenya; and to identify competitive strategies that the players in the telecommunication sector use to remain competitive in the market. The study was guided by Resource based view, Market based view and knowledge based view theory. Cross-sectional research design was adopted and targeted four major telecommunication firms operating in Kenya, that is; Safaricom Limited, Airtel Limited, Telkom Kenya and Equitel Limited. The unit of observation was the managerial staff of the four telecommunication firms who are involved in formulating strategic decisions for the firm. Primary data was collected through a questionnaire which had closed and open ended questions. The data was analysed using qualitative and quantitative procedures. Qualitative procedures involved use of regression analysis while quantitative data collected was analyzed using percentages, frequencies, means and standard deviation which was aided by SPSS software. Regression analysis was also adopted to establish the relationship between the variables. The study found out that the telecommunication companies in Kenya adopted differentiation strategy, market focus strategy and cost leadership strategy. On market focus strategy, the study found out that the companies segmented products based on benefits sought by the customers. On differentiation strategy there was an indication that the companies had adopted differentiation strategies by differentiating their products and services from their rivals.On cost leadership strategy, it was found that the companies used cost strategy to increase the market share and keep ahead of competition. The study concluded that there is a positive and significant relationship between the competitive strategies adopted; that is, differentiation strategy, market focus strategy, cost leadership strategy, and organization performance of the companies in the telecommunication sector in Kenya. The study recommended that they continue investing in new technology and coming up with unique products so that they can differentiate themselves; the companies should also benchmark their differentiation strategy with other service industry firms in the market. The study also recommended that the telecommunication companies in Kenya should continue innovating and developing new products as well as doing aggressive marketing for them to be and remain competitive.

# CHAPTER ONE

# INTRODUCTION

## 1.1Background of the Study

Competitive strategy is the long term plan that a firm has for it to achieve competitive edge over its rivals in the business environment. Success and survival of an organization in a competitive business environment depends on how well it relates to challenges and how it positions itself in the business environment. Olanipekun (2015) states that irrespective of its size, businesses in the twenty first century have progressed towards becoming part of the business group that is globally influenced by occasions, societal change and pressures from all over the world. This can be credited to the way that business conditions are, intermittent, turbulent and profoundly forceful.According to Porter (1985) a well formulated strategy will improve relationship among various stakeholders thus enhancing better performance of an organization. Furthermore, it is important to formulate a comprehensive strategy and relate the business to its environment. Maikah (2015) argues that organizations must come up with ways of sustaining their business performance, competitive advantage and increasing their probability to survive in today’s cutthroat business environment.

The foundation of this study was based on three theories; Resource based view, the Knowledge based view and market-based view. As explained by Pandian and Mahoney (1992) the Resource Based View is the ability to offer sustainable competitive advantage and perfect administration of resources. This creates a competitive barrier where rivals cannot duplicate your product or services. The Market-Based View strategy discloses that the primary determinant of performance in an organization is the outside market conditions and factors that exist within the industry. As indicated by Schendel (1994); Tiwana (2002) knowledge is the most important asset in any organization. The primary driver in this technological era is superior performance, high proficiency and skilled knowledge.

Kenyan mobile phone sector has significantly progressed to what it is today. Prior to 1998, the telecoms sector was wholly controlled by Kenya Posts and Telecommunications Corporation (KP&TC) (Kapto & Njeru, 2014). According to Letangule and Letting (2012), the radical and incremental development is specifically practised by firms in the telecommunication sector where innovation is incremental and change is required.

### 1.1.1Concept of Competitive Strategy

The competitive strategy is the search for a competitive state in an environment where the primary reason for existing is to set up a practical and productive position against the powers that control industry rivalry (Porter, 1985). It can also be interpreted as a structure for decision making with actions that bring about a competitive market (Porter, 2005). Doorman (1980) similarly describes competitive strategy as taking action to influence defendable position in an industry, adjust adequately to competing forces and in this way generate a higher return on investment for the company.

From a business point of view, competitive strategy identifies itself to the particular approach that a firm uses keeping in mind that the end goal is to prevail in a market. Porter (1980) views competitive strategy as a two aspects view with a supply side and a demand side; he later revamped the arrangement into three nonspecific techniques, to be particular "cost leadership"  "differentiation" and "focus". These are strategies used at the business unit level and are known as non specific strategies since they are not industry dependent (Chesire and Kombo, 2015).Moreover, Botten and McManus (2009) views strategy as a long term plan for successful management of environmental opportunities and threats considering a firm's strengths and shortcomings. As per Porter (2005), strategies are utilized by firms to establish their position in a specific market since they mirror the company's short and long term reactions to the threats and business opportunities. Strategies along these lines are not an end by themselves but rather a way to attain stated objective.

Cost leadership is about reduction of economic costs which incorporate production, dissemination and promoting costs lower than the rivals in the industry (Barney, 2007; Chesire and Kombo, 2015). For a company to attain a low cost edge it ought to have a low cost leadership approach, a low price of producing and employees dedicated to an affordable cost policy (Malburg, 2000; Kyengo, Ombui&Iravo, 2016).

Differentiation is a technique that is utilized by a firm to make it one of a kind in its market thus acquiring a price premium through its differentiation, which cannot be easily replicated by competitors (Porter, 1985; Chesire and Kombo, 2015). By utilizing this strategy otherwise called segmentation strategy, a firm presents distinctive varieties of a similar fundamental product under a similar name into a specific product clarification and in this manner safeguard the scope of returns accessible within this category. With these features, firms give extra benefits to clients which offer them with a premium price. Basically, this technique calls for improvement of a services and products that offers unique qualities valued by clients (Kyengo et al., 2016).

Focus strategy on the other hand can be split into cost focus technique and differentiation focus strategy. Unlike the two it lays on the option of a restricted competitive range in the business environment (Porter, 1985). Cost focus strategy is utilised by an entity searching for a cost benefit with one or few target market fragments while differentiation focus approach is utilized to look for differentiation advantage with one or few target showcase sections (Jobber, 2004).

### 1.1.2 Organizational Performance

Organisational performance is described as the way in which a firm accomplishes its market-based objectives and additionally its financial objectives (Yamin, 1999; Chesire and Kombo, 2015). Performance is an ongoing process and flexible procedure which includes manager and those they manage. They take a role of partners in a system created to empower them accomplish the required outcomes (Armstrong, 2006).Practising strategic management can be supported as long as it enhances the firm's performance (Wheelen and Hunger, 2010; Chesire and Kombo, 2015). Performance in itself is the final product of the activities that it incorporates and the actual outcome of the strategic administration process (Chesire and Kombo, 2015). Organisational performance is attainment of ultimate goals of the organization as set out in the key Organisational plans. According to Chesire and Kombo (2015), organizational performance comprises of three distinct areas of company results: Financial performance, commodity market performance and shareholder return. Harzing (2010) says that an organization performance may essentially be a reflection of changes in the market size or financial conditions rather than sales figures alone. A company's performance in respect to competitors can be measured by its share in the market. Firms try to build their business with respect to competitors essentially expanding their share in the market to profit from the economies of scale. Economies of scale can contribute in working up a cost advantage. Sales increase in a slow industry is the inspiration to enlarge the market share.

### 1.1.3 Telecommunications Industry in Kenya

The Kenyan telecommunication sector was liberalized in the late 1990's when two mobile operators were licensed. The sector has grown rapidly since then resulting in new markets, new players and new challenges. There are currently four major players in this industry; Safaricom Limited, Telkom Kenya, Airtel Limited and Equitel Limited. Since the telecommunications sector was liberalized, Kenya has seen tremendous mobile and internet growth. This has motivated the government to turn Kenya the East Africa's leader when it comes to Information and Communications Technology (ICT) (Chesire and Kombo, 2015).

The Communications Authority of Kenya is the governing body for this sector. It came into existence in 1999 created by the Kenya Information and Communications Act, 1998, and it's in charge of facilitating the improvement of the Information and Communications industry (CAK 2017).

As indicated by the Communications Authority of Kenya (CAK) statistics report Q2 FY 2016-2017, East African nation ended 2016 with a total of 39.1 million mobile subscribers, an increase of 3.7% from 37.7 million twelve months earlier. Safaricom accounted for the majority of total wireless customers (27.7 million) at end-December 2016, followed by Airtel Kenya with 6.8 million and Telkom Kenya with 2.8 million. Finserve Africa Limited registered a total of 1.4 million mobile subscriptions. Mobile data subscriptions rose from 23.79 million at the end of 2015 to 26.52 million twelve months later, with growth attributed to the increased affordability of smart phones and data bundles offered by service providers. Safaricom Limited accounted for 67.5% of total mobile data subscriptions, followed by Airtel Limited with 19.7%, Telkom with 7.1% and Finserve Africa Limited (Equitel)5.6%.Current mobile penetration in Kenya as at (Jan-Mar 2017) is 86.2% with 39.1 million mobile subscribers (CAK, 2017).

### 1.1.4 Telecommunication firms Operating in Kenya

The telecommunication market in Kenya has gone through a lot of changes in the recent past. Currently there are four major telecommunication firms operating in Kenya Since the telecommunications sector was liberalized; Safaricom Limited, Airtel Limited Telkom Kenya and Equitel Limited.

Safaricom Ltd, a major mobile provider was established in 1997 as a subsidiary of Telkom Kenya. Vodafone Group Plc of the Kingdom got a 40% stake and administration of the firm. Later it was changed into a public entity and the government took 60% of the shares, 25% sold on the Nairobi stock market. The Company has launched several services in the market like voice, data, Mpesa M-Shwari and has been a major player in the mobile market and the economy of the nation. Currently in Kenya Safaricom leads with 27.7 million customers.

Airtel is among the top world's telecommunications company which has operations across Africa and Asia. It was introduced to the Kenyan market as Kencell in the year 2000 and later in 2008 changed its name to Zain and eventually Airtel in 2010. It purposes to link communities all over Kenya by offering in expensive, reliable and suitable mobile solutions. The firm has sunk Kesh.9billion in aid of network growth in major towns and remote areas for internet services, voice and mobile trade such as the introduction of Airtel Money and the state of world class 3.75G data network. As at the end of 2016 Airtel had 6.8 million wireless customers. The main rival of Airtel is Safaricom Limited.

Telkom Kenya is the only provider of landline phone services in Kenya. It was a segment of the Kenya Posts and Telecommunications Corporation (KPTC) which offered postal and telecommunication services. It was divided into the Communications Commission of Kenya (CCK) in 1999, the Postal Corporation of Kenya (POSTA) and Telkom Kenya. In June 2017, the company changed from "Orange Kenya" to "Telkom Kenya". It runs and supports the infrastructure which several internet service providers run. It also provide mobile GSM voice and high speed internet services under the Orange Kenya brand, in which it is the 3rd in market share after Safaricom and Airtel Kenya.

Finserve Africa Limited (trading as Equitel) is a segment of Limited that uses Airtel Kenya network as its carrier. The progress was to offer Equity Bank the chance to advance its objective of monetary addition and transformation service contribution for all. The brand made the Bank Africa's first financial institution to give complete banking suite through an MVNO. Equity Bank through finserve received its MVNO Licence in 2014 which would operate on Airtel Kenya's network. This was anticipated at reducing their operation costs by up to 47% as an extra income stream by offering services to their customers like money transfer and other Telco services.

## 1.2 Research Problem

The need to survive in a tough and aggressive environment has made organizations to embrace different strategies. Porter advocates fundamental strategies that firms can adapt to enhance their performance (Chesire and Kombo, 2015). Competitive strategies are unique approaches that organizations adopt in order to succeed in the market (Maikah, 2015). Changes within the business environment exert pressure for change in organizations and in order to survive, they have to respond to relevant external changes (Ansoff and McDonnell, 1990; Afande 2015).

There is aggressive competition within the Kenyan telecommunication industry. The temperamental political condition, new contestants, social changes, progressions in technology and globalization are some of the examples of the challenges hindering the development of this sector (Kamau, 2015). The Government of Kenya economic study (2000) suggest that the implementation of structural adjustment programme and subsequent market liberalization paved way in the sector thus leaving businesses at the mercy of market forces, increased competition, declining profits and even losses (Kyengo et al., 2016). It is evident that the players in the telecommunication sector are continuously adopting new and advanced competitive strategies to win and retain their customers.

Different studies that relate to competition strategy and Organisational performance have been carried out. Globally, Akin (2014) inspected competitive procedures and enhanced performance a chosen Nigerian transmission organizations where he found a connection between competitive techniques and customer loyalty, maintenance and dependability. This study moreover found that there is a connection between competitive systems, its elements and performance of media transmission organizations. Oyedijo (2012) also carried out a research on strategic agility and competitive performance among Nigerian Telecommunication companies and discovered that strategic agility impacts the competitive performance of media transmission companies in Nigeria. The study revealed that companies with high strategic agility do better than companies with low strategic agility. In conclusion he suggested that for a company to enhance competitive performance, telecommunication firms need to show a high degree of dedication to strategic agility.

Kombo and Chesire (2015) did a research on the effect of competitive practices on performance of Added Mobile Value Services in Kenya reasoned that techniques practiced by the media transmission organizations affected the performance of sales growth and market share is concerned. Maikah (2015) again did a study about the competitive practices and company performance at East African Portland Cement Company (EAPCC). The study established that the firm was utilizing differentiation, cost administration procedure and focus technique as competitive strategy. Kyengo et al., (2016) who sought to establish the impact of competitive strategies on performance of telecommunication companies in Kenya found out that the most important strategy in performance of the telecommunication companies in Kenya was cost leadership strategies, followed by differentiation strategies, market focus strategies and corporate development strategies. Ndhiwa (2010), Kamau (2015) and Afande (2015) also carried out research on competitive strategies and organizational performance in the telecoms sector and their results also showed a noteworthy relationship between the strategies adopted and firm respective performances.

From these studies, it’s evident that competitive strategies embraced by players in the telecommunications sector as a whole is desired at improving performance in any case, a gap for this sector. It is imperative that the influence of various competitive strategies on an entity’s performance should be stated clearly. This research study therefore investigated the impact of competitive strategies and performance of the telecommunication sector. The study therefore was therefore guided by the following question: What is the connection between competitive strategy and performance of the telecommunication sector in Kenya?

## 1.3 Research Objectives

i) To establish the impact of competitive strategy and performance of telecommunication sector in Kenya.

ii) To identify competitive strategies that the players in the telecommunication sector use to remain competitive in the market.

## 1.4 Value of the Study

The findings of this research will assist government officials and also sector regulators as they go about formulating policies that affect telecommunication sector in a way that may not only promote healthy competition among the firms but also help them grow their revenues and maximize profits. The telecommunication sector is critical to achieving vision 2030 and the overall growth of the economy. It is also important to note that the relevance of this research mainly concerning competitive strategy will be of importance to future policy formulation (Buckley & Carson, 1976).

The findings of this study may also be vital in contributing to the body of knowledge for both academic and professional endeavours. It may be beneficial to those who wish to carry out further study on strategic organization and competitive advantage on organizational performance. In a nutshell this study was bound to add the body of understanding on the service industry which provided an opportunity for further research on similar areas of study. To investors, the study may also be significant as it may help them to make informed investment choices. This may assist them in constructing their investment portfolios in the capital market.

In summary, this study may be of value to the Kenyan government as it endeavours to steer this country towards achieving the middle income level and industrialized economy by the year 2030. The firms in the telecommunications sector must find ways to grow and be profitable if at all we are to achieve vision 2030.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.1 Introduction

The question firms ask themselves when doing industry analysis is “what strategies are other companies within the same sector using in order to remain competitive”?(Ormanidhi and String, 2008) states that organizations must understand the culture and behaviour of a firm which serve as input in order to improve competition.

This chapter shows a preview of similar content that focuses on the views of with competitive strategy and its link to organizational performance as opined by various scholars and researchers. The materials are drawn from several sources similar to the subject and study objective.

## 2.2 Theoretical Foundation

This section discusses the relevant theories that are related to competitive strategy and organization performance. Resource based view; Market based view and knowledge based view would give hypothetical establishment to this investigation. Resource based view consolidates ideas from organizational financial matters and key administration. It highlights the company’s inner circumstance as a driver for competition. Market based view states that organisational performance is resolved exclusively by the structure and competitive elements of the business which it operates. Knowledge based view states that learning capabilities and scholarly resources are the principle drivers of unmatched performance in this technological era. Information gives the firm comparative knowledge as its adversaries and enables the firm to effectively deliver in shortest time.

### 2.2.1 The Market-Based View

The Market-Based View (MBV) approach states that industry components and external market introduction are important consideration of Organisational performance. The source value of significant worth for the firm are embedded in the competitive circumstance that portrays its final result key position. The key position is an organization's extraordinary arrangement of activities that are not the same as their competitors. Organisational performance is resolved exclusively by the structure and competitive elements of the business which it operates, Schendel (1994).

### 2.2.2 The Resource-Based View

The Resource-Based View (RBV) the company highlights the organization's inner circumstance as a driver for competition and underscores the benefits that companies have made to remain competitive. The theory consolidates ideas from organizational financial matters and vital administration. As stated by Barney, (1991) the competitive edge and positive performance of an entity is clarified by the distinctiveness of its capacities. Werner felt, (1995) states that the resource-based view as a foundation for the competitive edge of an entity lies solely in the use of physical or intangible resources available within the organization.

To change a temporary competitive strategy into a sustained competitive edge demands that these resources are diverse in character and imperfectly mobile. This will effectively change into precious resources which are neither perfectly distinctive nor substitutable effortlessly. According to (Barney, 1991) the immobility and heterogeneity are not enough factors for sustained competitive advantage.

### 2.2.3 The Knowledge-Based View

Tiwana (2002), explains that information has uncommon attributes that make it the most essential and valuable asset. Learning capabilities and scholarly resources are the principle drivers of unrivalled performance in this technological era. Evans (2003) likewise recommends that knowledge is the most critical asset of an organization. He expresses that material assets diminish when utilized as a part of an entity while knowledge resources increase when used. Knowledge is the main asset that is hard to mimic contrasted with innovation, capital, and market share or item sources. Essential understanding is the fundamental knowledge that empowers a firm to deliver in the market temporarily.

While propelled information gives the firm comparative knowledge as its adversaries and enables the firm to effectively deliver in shortest time. Being creative gives the firm its competitive position over its opponents (Zack, 1999).

## 2.3 Competitive Strategy

Porter’s (1985) interpolates strategy as positioning a business to maximize the value of the potential that differentiate it from its rivals. Specific gain can be accomplished by seeking after the accompanying nonexclusive strategies: cost leadership, differentiation and market focus (Abdullah, Mohammed, Othman and Uli, 2009). Despite the varieties, the principle point of these techniques is to expand the performance of an entity by enhancing its intensity in connection to its rivals within the same sector (Feurer and Chaharbaghi, 1997; Abdullah et al., 2009).

Cost Leadership Strategy is defined as the capacity of an entity to produce products that will be at a lower cost compared to different competitors. Organizations can produce great quality products and offer them at a lower cost consequently give them an upper hand over their competitors. Lower expenses will pull in clients consequently result in higher benefits. As per Porter (1985) this is ascribed to ease work, material and give the firm a low manufacturing cost.

Differential approach is a strategy used by firms to develop strong disposition in a specific market also referred as division approach. Utilizing this method, a company will present several varieties of the same commodity under a comparative name into a particular grouping and cover several products that category (Kyengo et al., 2016). Differentiation methodology can also be characterized as situating a brand as the most unique to consumers.

Market focus strategy focuses on fewer markets as opposed to focusing on the entire market. By narrowing down to smaller segments, organizations can address the issues of the consumer. It is imperative for organizations to choose which market to deal with or take so they don't get stuck at the centre.

In conclusion success comes to firms that can deliver service or product in a way that is unique, important and in view of their clients' needs and wants. Settling on the fitting cost and quality relies upon the business image and what they would like to accomplish compared to their rivals. Porter (1985)

## 2.4 Competitive Strategies and Organizational Performance

The impact of competitive strategy on firm performance is a great issue to strategy makers and plays key role in improving organizational performance over a period of time. According to (Porter 1980; Ghemawat, 1986), competitive advantage is the outcome of a strategy that enables a firm to preserve and sustain an appropriate market share. This position results into higher profits compared to those acquired by rivals operating in the same field.

Mastery of what resources and company conduct that leads to competitive advantage is contemplated to be the basic issue in strategic management research. Porter, (1980); King et al, (2001): showed that middle management coordination on ability is associated with superior performance. If companies are keen on successfully implemented abilities, the outcome suggested that managers should sustain a discussion regarding their company abilities. Discussion about capabilities enables managers to check their firms' skills and assent about expertise.

Relationship between competitive strategy and performance with a special emphasis is given to the value chain activities of the organization, which plays a major role in order to identify and create the competitive advantage. Firms should introduce approaches that look for views of managers in relation to entity competencies. These processes may consist of surveys that let them discuss beliefs about important competencies. Moreover managers can use information that is available online to make easy online communities. These actions may assist in anticipating competencies that the organization will need to grow for future success. King et al, (2001), indicated that there is a connection between ability characteristics and firms’ success. They also described approaches that management of an organization can utilise to enhance an entity’s competitive edge.

## 2.5 Empirical Studies and Knowledge Gaps

Abdullah et al, (2009) did an investigation about the effect of sourcing techniques on the organization between focused strategy and organizational performance where they inspected vital types that were related with particular sourcing procedures. The result of the examination demonstrated that organisation action plan is intervened by improving technique to yield higher performance compared to other companies. Also, the connection between differentiation technique and Organisational performance which is interceded by purchase procedure, have superior performance than different types of entities. Oyedijo (2012) also did a study on strategic agility and focused on performance in the Nigerian Telecommunication Industry. The study revealed that it impacts the focused performance of media transmission firms in Nigeria and that there is a big connection between strategic agility and competitive performance.

Akingbade (2014) completed a study on focused methodologies and enhanced performance in Nigeria media transmission organizations which uncovered a connection between competitive strategies and consumer loyalty, maintenance and dependability. Moreover there is an association between competitive strategy, its constituents and performance of media transmission organizations. Ndhiwa (2010) while looking at the relationship of competitive approaches in Safaricom Kenya, he found that strategies used by Safaricom included cost diminishments, excellent client service, operational productivity, creating brand or name among numerous techniques. The investigation moreover showed a noteworthy connection between the strategies adopted by Safaricom Kenya and its performance.

Mutindi et al., (2013) carried out a research on the influence of strategic management drivers on performance of the hotel industry in Kenya. The study used a mixed research method which was both quantitative and qualitative using descriptive survey. The study acknowledged strategic management drivers as some of the tools that drive performance in the hotel industry. It recommended to hotels that they ought to embrace the adoption of strategic management drivers.

Kamau (2015) also completed an examination on competitive strategies embraced to drive industrial performance in the telecommunications industry in Kenya. The information was gathered from the nine firms in Kenya; Safaricom Ltd, Airtel Kenya, Telkom Kenya, Jamii Telkom, Access Kenya, Liquid Telkom, Internet Solution, MTN Business and Wananchi Group. The study revealed that companies in the telecommunication industry embrace different techniques including: differentiation, cost initiative and market focus in order to obtain and maintain competitive advantage. The study further concluded that the cost strategy was visible in the organizations and they modify it from time to time when it was not successful anymore.

In conclusion the number of players joining this sector is likely to grow as seen from past trend. Therefore the need to remain competitive and or survive has lead to companies to urgent examination of competitiveness. To come up with strategies that are competitive, managers need know strategies they have to use, variables that affect the intended results and how they connect with each other. This will enable them remain competitive in the market.

# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.1 Introduction

This chapter shows the approach that was used as a part of the research. It focuses on the research design, data collection approach and data analysis. The aim of the researcher was to apply methods, tools and techniques that were reliable to ensure that the data obtained was relevant and accurate for the study.

## 3.2 Research Design

This research utilised cross-sectional qualitative research design which entails analysis of data that is obtained from a representative sample or population at a specific place and time. This was essential for purposes of managing of the process of data finding since objectivity was the major concern for this restricted data samples.

The study analysed how the sampled telecommunication firms exploit the competitive strategies and to what extent this had impacted on their general performance. Similarly, this study employed desk research such that derivation of previous research studies was referred to. This design was appropriate since it easily incorporates desk research which is vital for revisiting previous research works related to this topic of interest.

## 3.3 Population of the Study

This study focused on four major the telecommunication firms operating in Kenya which are; Safaricom Limited, Airtel Limited, Telkom Kenya and Equitel Limited. The study thus focused on managerial staffs who are involved in formulating strategic decisions for the firm.

### 3.4 Data Collection

Data collection is the method of collecting data on concentrated category in a well organized form that allows one to respond to important questions and evaluate outcome (Burns and Grove, 2003). There are two usual approaches of gathering information; primary and secondary. Primary data collection approach entails gathering first-hand information from the respondents. It can be categorized as either experimental or non-experimental research. Non-experimental pertains to use of observation, focus discussion groups, interviews and questionnaires among others (Cooper & Schindler 2008) states that interviews, questionnaires, and direct observations are the major ways of gathering information (Kothari, 2006). The motivation is to collect crucial information, document it for further use and assist in resolving on various options about diverse problems, and to pass on basic information on to others.

Both primary and secondary information was collected. For primary information, a questionnaire with closed and open ended questions was used. It was administered through interviews with top managers. The interviewees were those who are involved with formulation and implementation of the company's strategies.Additionally, secondary data related to each specific company was also explored such as financial results from their audited annual reports.

### 3.5 Data Analysis

After data collection, questionnaires were checked for completeness to ensure they are ready for analysis. Data relating to profile of the interviewee and the organizations was analyzed using regression analysis.Use of SPSS (Statistical Package for Social Science),for quantitative data collected using questionnaires was analyzed by applying frequencies, percentages, means and standard deviation in form of tables and graphs. Percentages were used conjointly with frequencies to express the proportion range of 0-100. Mean score and standard deviation were used in Likert scale data. The findings were presented using diagrams, tables and outlines for clarity of interpretation.

Regression analysis was also adopted to establish the relationship between the variables. The model adopted took the following form:

$$Y= \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon_i$$

Where: Y = Organizational Performance

$X_1$ = Differentiation strategy

$X_2$ = Market focus strategy

$X_3$ =Cost leadership strategy

$\beta_0 =$ Intercept (value of EY when X = 0)

$\beta_1 =$ Regression coefficient or change included in Y by each $\chi$

$\varepsilon_i$ = Error term

# CHAPTER FOUR

# DATA ANALYSIS RESULTS AND DISCUSSIONS

## 4.1 Introduction

This section entails data analysis, interpretation and discussion of the results. The objective of the study was to determine the impact of competitive strategy and performance of telecommunication sector in Kenya also identifies the competitive strategies that the players in the telecommunication sector use to remain competitive in the market. The findings were presented in tables and charts.

## 4.2 Background Information

The section shows the demographic data of the respondents. The respondents' demographic information reflects the relevant attributes of the population which forms the foundation under which the research obtained pertinent data. Data recorded include: gender, age, highest level of education, years worked in the organization and number of years the companies have been operational.

### 4.2.1 Gender of the Respondents

The respondents were asked to specify their gender. The results are shown in Figure 4.1.

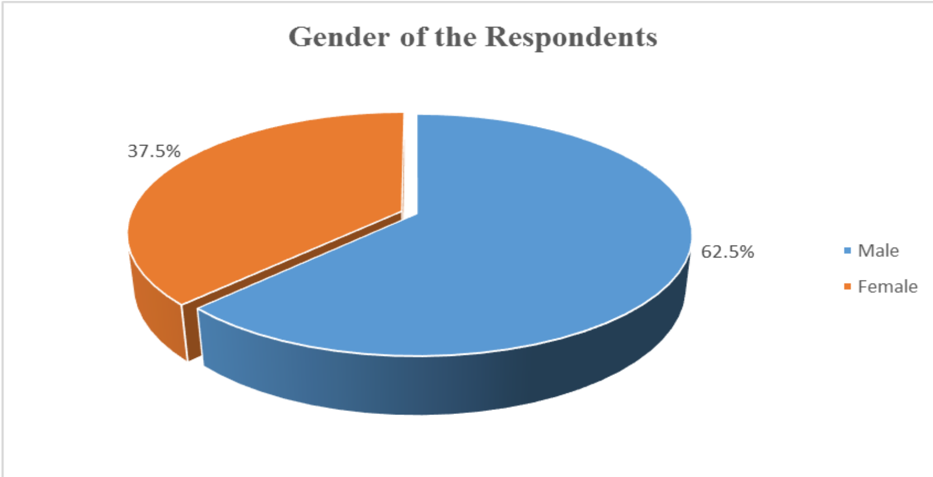


**Figure 4.1: Gender of the Respondents**

**Source: Field Data (2017)**

A large number of the respondents (62.5%) were men while 37.5% of the respondents were women.

### 4.2.2. Age of the Respondents

In this section the respondents were asked to specify their age. The respondents' age was recorded in structured age brackets. The results are presented in Table 4.2.

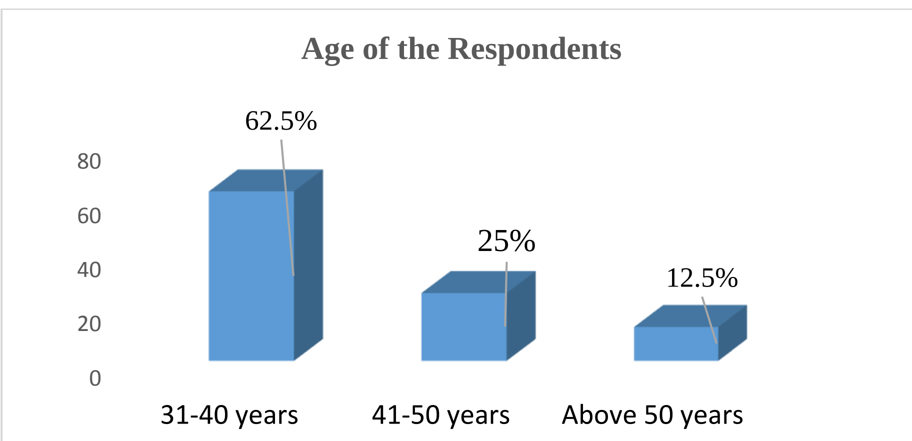


**Figure 4. 2 Age of the Respondents**

**Source: Field Data (2017)**

Majority of the respondents (62.5%, n=5) were aged between 31-40 years while 25% (n=2) of the respondents were aged between 41-50 years. On the other hand, 12.5% (n=1) of the respondents were aged above 50 years.

### 4.2.3 Respondents' Highest Level of Education

The respondents were asked to state the highest level of academic qualification they had attained. The results are shown in Table 4.1.

**Table4.1Respondents' Level of Education**

| Level of Education | Frequency | Percent |
|---|---|---|
| College | 2 | 25.0 |
| University | 5 | 62.5 |
| Postgraduate | 1 | 12.5 |
| **Total** | **8** | **100.0** |

**Source: Field Data (2017)**

The findings of the study indicated that a large number of the respondents (62.5%) had attained university degree as their highest level of education while 25% of the respondents had reached college level. On the other hand, 12.5% of the respondents had attained a post graduate level as their highest level of education. From the results, it shows that majority of the respondents had reached university level as their highest level of education. This implies that majority of the managers were more knowledgeable, which improves the reliability of the information given.

### 4.2.4 Duration Worked in the Organization

Respondents were requested to specify the total number of years they had worked in their respective companies. The outcomes are shown in Table 4.2.

**Table 4.2Duration Worked in the Organization**

| | Frequency | Percent |
|---|---|---|
| Less than 10 years | 1 | 12.5 |
| 5 to 10 years | 4 | 50.0 |
| 11-15 years | 1 | 12.5 |
| Above 15 years | 2 | 25.0 |
| **Total** | **8** | **100.0** |

**Source: Field Data (2017)**

Majority of the respondents (50%) had been engaged with the company for duration between 5-10 years while 25% of the participants had worked organization for above 15years. On the other hand, 12.5% of the respondents had worked at the companies for a period of less than 10 years while another 12.5% of the respondents had worked in the organizations for a period between 11 and 15 years. This suggests that these managers were fully aware of the operations in their organization and therefore could give reliable information on competitive strategies and organizational performance.

### 4.2.5 Number of Years in Which the Organizations Were Operational

The respondents were requested to state the number of years in which the organizations were operational. The results are presented Table 4.3.

**Table 4.3Number of Years in Which the Companies Were Operational**

| No. of Years | Frequency | Percent |
|---|---|---|
| Less than 10 years | 1 | 12.5 |
| 10-20 years | 5 | 62.5 |
| 50-100 years | 2 | 25.0 |
| **Total** | **8** | **100.0** |

**Source: Field Data (2017)**

Majority of the respondents (62.5%) indicated that the companies were operational for a period between 10-20 years while 25% of the respondents indicated that the companies were operational for a period between 50-100 years. 12.5% of the respondents stipulated that the organizations were operational for a period less than 10 years.

### 4.3. Organizational Performance

This section sought addresses the research objective which sought to establish the impact of competitive strategy and performance of telecommunication sector in Kenya.

### 4.3.1 Performance Indicators Used by the Organization

The study sought to establish the main performance measures used by telecommunication companies in Kenya. A five point Likert scale was utilized to analyze the data whereby the scores "less extent" and "low extent" were illustrated by mean score equal to 1 to 2.5 on the constant Likert scale ($1 \leq$ low extent$\leq 2.5$). The outcomes of 'moderate extent' were equal to 2.6 to 3.5 on the Likert scale ($2.6 \leq$ moderate extent $\leq 3.5$). The score of "great extent" and "very great extent" were equal to 3.6 to 5.0 on the Likert scale ($3.6 \leq$ great extent $\leq 5.0$). The findings are given in Table 4.4.

**Table 4.4Performance Indicators Used the Organization**

| Performance Indicators | Mean | Std. Deviation |
|---|---|---|
| Expense versus Budget | 4.50 | 0.535 |
| Innovation expenditure | 4.00 | 0.756 |
| Cost/operating efficiency | 4.25 | 0.707 |
| Customer attrition rate | 4.25 | 1.035 |
| Customer satisfaction and retention rate | 4.63 | 0.744 |
| External response to open positions | 4.13 | 0.641 |
| Salary competitiveness | 4.00 | 0.756 |
| Skills attained with training | 3.88 | 0.641 |
| Employee retirement/turnover rate | 3.50 | 0.756 |

**Source: Field Data (2017)**

The respondents agreed that the organizations used performance indicators such as; customer satisfaction and retention rates, expense versus budget and customer attrition rate to a great extent; as shown by the mean results of 4.63, 4.50 and 4.25 respectively. The respondents also agreed to use of other performance indicators such as cost/operating efficiency, external response to open positions and innovation expenditure to a great extent; as indicated by the mean scores of 4.25, 4.13 and 4.00 consequently. The respondents further agreed that the companies used other performance indicators such as the skills attained through training and salary competitiveness to great extent; as shown by the mean scores of 4.00 and 3.88 respectively. However, the respondents indicated that the employee turnover rates were used by the firms to a moderate extent; as indicated by a mean score of 3.50.

### 4.3.2 Performance of the Organizations

The respondents were asked to rate and compare the following statements regarding the performance of the company. The findings are presented in Table 4.5.

**Table 4.5 Performance of the Organizations**

| | Mean | Std. Deviation |
|---|---|---|
| How do you rate the performance of your company for the last 5 years | 4.50 | 0.535 |
| Has product/service differentiation improved performance in your organizations | 4.50 | 0.535 |
| How do you rate the product/service performance over time compared to competitors | 4.38 | 0.518 |
| How do you rate your approach to quality management to ensure complete customer satisfaction | 4.50 | 0.535 |
| How do you compare strategies used to improve organizational performance overtime | 4.50 | 0.535 |

**Source: Field Data (2017)**

The respondents indicated that the organizational performance had improved due to activities such as product/service differentiation in the organizations; as indicated by the mean score of 4.50 respectively. The participants also indicated that the strategies used such as quality management to ensure complete customer satisfaction in the organizations had improved over time; as shown by the mean score of 4.50 respectively.

### 4.3.3 Extent to which Competitive Strategies Affected the Performance of the Companies

The respondents were requested to state the scope to which the competitive strategies affected the performance of the companies. The findings are shown in Table 4.6

**Table 4.6Influence of Competitive Strategies on Organizational Performance**

| Extent | Frequency | Percent |
|---|---|---|
| Very great extent | 6 | 75.0 |
| Great extent | 2 | 25.0 |
| **Total** | **8** | **100.0** |

**Source: Field Data (2017)**

Majority of the respondents (75%) indicated that the competitive strategies affected the performance of the companies to a very great extent while 25% of the participants showed that the competitive strategies affected the performance of the companies to a great extent.

### 4.4 Competitive Strategies

This section sought to identify competitive strategies that the players in the telecommunication sector use to remain competitive in the market. The participants were requested to state the degree of agreements with the various facts relating to the adoption of competitive strategies in the firms. The findings are shown in Table 4.7

**Table 4.7Competitive Strategies**

| Competitive Strategies | Mean | Std. Deviation |
| --- | --- | --- |
| The company uses/offer unique competitive strategies/products to attain a competitive edge | 4.63 | 0.518 |
| Promotion and advertising has increased the number of customers who use products and services | 4.63 | 0.518 |
| The company segments products based on benefits sought by the customers | 4.88 | 0.354 |
| The company has adopted differentiation strategies to improve performance | 4.25 | 0.463 |
| The company use differentiation as a strategy to differentiate its products and services from their rivals | 4.25 | 0.463 |
| The company uses cost strategy to increase the market share and keep ahead of competition | 4.75 | 0.463 |

The respondents agreed that the companies segmented products based on benefits sought by the customers and used cost strategy to increase the market share and keep ahead of competition; as indicated by the mean result of 4.88 and 4.75subsequently. The respondents also agreed that the companies used unique competitive strategies/products to attain a competitive edge and that promotion and advertising had increased the number of customers who used products and services; as presented by the mean score of 4.63 respectively. The participants further concurred that organizations had adopted differentiation strategies to improve performance by differentiating their products and services from their rivals; as presented by the mean score of 4.25 respectively.

The respondents also indicated that the companies also used competitive strategies such as ensuring affordability and promoting customer intimacy through customized products. The respondents indicated some of the unique competitive strategies adopted by the companies included; mobile banking services, products and payments and high speed networks such as 3G and 4G networks to assure reliability.

On achieving competitive strategies of low cost leadership, the respondents indicated that the companies offered low cost mobile loans and data bundles and outsourcing of some services. Some of the outsourced services included; cleaning services, maintenance and security services.

### 4.4.1 Relationship between Competitive Strategy and Organizational Performance

The respondents were asked to indicate whether a positive relationship between competitive strategy and organizational performanceof telecommunicationcompanies in Kenya existed. All the respondents (100%) agreed that there was a positive relationship between competitive strategy and organizational performance.

## 4.5Competitive Strategies and Organisation Performance

A multivariate regression model was adopted to determine the relationship between competitive strategies and performance of telecommunication sector in Kenya. The predictors were; differentiation strategy, market focus strategy and cost leadership strategy. The results are presented below.

**Table 4.8: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | 0.906(a) | 0.821 | 0.687 | 0.23368 |

a Predictors: (Constant), Differentiation strategy, Market focus strategy, Cost leadership strategy

The R Square/ Adjusted $R^2$ is the coefficient of determination and inform how the dependent variable varies with the independent variables. The results in Table 4.9 show an adjusted $R^2$ value of 0.687. This implies that the competitive strategies adopted by the telecommunication sector in Kenya; that is, differentiation strategy, market focus strategy and cost leadership strategy explained 68.7% of organization performance in the sector. The remaining percentage of 31.3% can be described by other variable/predictors not covered in the study.

**Table 4.9: Results of ANOVA (b)**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 1.002 | 3 | 0.334 | 6.118 | 0.005(a) |
| | Residual | 0.218 | 4 | 0.055 | | |
| | **Total** | **1.221** | **7** | | | |

a Predictors: (Constant), Differentiation strategy, Market focus strategy, Cost leadership strategy

b Dependent Variable: Organizational Performance

The research utilised ANOVA to display the appropriateness of the regression model to give reliable results. The regression findings shows an F-value (F = 6.118), which was significant (p-value=0.005). The model indicated a0.005 (0.5%) likelihood/ probability of presenting a false prediction. Therefore the regression model has a confidence level of above 95%.

**Table 4.10: Coefficients Results**

| **Model** | | **Unstandardized Coefficients** | | **Standardized Coefficients** | **t** | **Sig.** |
|---|---|---|---|---|---|---|
| | | **B** | **Std. Error** | **Beta** | | |
| 1 | (Constant) | -1.060 | 1.965 | | -0.539 | 0.618 |
| | Market focus strategy | 0.402 | .259 | 0.340 | 3.550 | 0.026 |
| | Differentiation strategy | 0.120 | .205 | 0.133 | 2.584 | 0.050 |
| | Cost leadership strategy | 0.786 | .205 | 0.872 | 3.837 | 0.019 |

a Dependent Variable: Organizational Performance

The following regression equation was formed from the regression results:

$$Y = -1.060 + 0.402X_1 + 0.120X_2 + 0.786X_3$$

The regression findings in Table 4.11 indicate that there was a favourable and statistically significant connection between market focus strategy and organization performance ($\beta$ = 0.402, $p=0.026<0.05$). The findings also show that there is a positive and remarkable connection between organization performance of telecommunication companies and differentiation strategy ($\beta$ = 0.120, $p=0.05$); cost leadership strategy ($\beta$ = 0.786, $p=0.019<0.05$). This implies that the competitive strategies adopted by the telecommunication sector in Kenya; that is, differentiation strategy, market focus strategy and cost leadership strategy, positively influences organization performance of the companies in the telecommunication sector in Kenya.

## 4.6 Discussion of the Results

On organizational Performance, the study found out that the companies used performance indicators such as customer satisfaction and retention rates, operating efficiency salary competiveness and customer attrition rate to a great extent. This implies that organizations that formulate action plan that intervenes by improving technique to yield higher performance compared to other companies by promoting operating efficiency, customers' satisfaction and retention realizes improved organizational performance.

According to Porter (1980), the influence of competitive strategies on organizational performance is a great issue to strategy makers and plays key role in improving organizational performance over a period of time. These findings are supported by Ghemawat(1986) who indicated that competitive advantage is the outcome of a strategy that enables a firm to preserve and sustain an appropriate market share. This position results into higher profits compared to those acquired by rivals operating in the same field thus enhancing the performance of an organization.

The study also found out that the organizational performance had improved due to activities such as product/service differentiation in the organizations. The respondents also indicated that the strategies used including quality management ensured complete customer satisfaction in the organizations and had improved over time.This implies that organizational performance is greatly influenced by the various competitive strategies such as product/service differentiation and other strategies in quality management. These findings are in line with those by Kamau (2015) who indicated that firms in the telecommunication industry embrace different techniques including: differentiation, cost initiative and market focus in order to obtain and maintain competitive advantage.

The study further established that the companies segmented products based on benefits sought by the customers, adopted cost strategy to increase the market share, used unique competitive strategies/products to attain a competitive edge and that the companies adopted differentiation strategies to improve performance by differentiating their products and services from their rivals.This implies that organizations require more than one competitive strategy to enable then gain an effective competitive advantage over their rivals. These findings are in line with those by Kamau (2015) who indicated that firms must have different strategies if it intends to succeed. As a result of decreasing prices they should combine the cost and differentiating strategy as it is impossible to use one strategy and be cost effective at the same time.

# CHAPTER FIVE

# SUMMARY, CONCLUSION AND RECOMMENDATIONS

## 5.1. Introduction

This section offers a summary of results, conclusions and recommendations of the research founded on the objective of the study. It involves a combination of key issues of the objective of the study as gathered from the compete study.

## 5.2. Summary of the Study

On organizational performance, the study found out that the companies used performance indicators such as customer satisfaction and retention rates, expense versus budget and customer attrition rate to a great extent. The respondents also agreed to use other performance indicators such as cost/operating efficiency, external response to open positions and innovation expenditure to a great extent. The respondents further agreed that the companies used other performance indicators such as the skills attained through training and salary competitiveness to great extent. The study also found out that the organizational performance had improved due to activities such as product/service differentiation in the organizations. The respondents also indicated that the strategies used including quality management ensured complete customer satisfaction in the organizations and had improved over time.

On competitive strategies, the study found out that the companies segmented products based on benefits sought by the customers and used cost strategy to increase the market share and keep ahead of competition. The respondents also agreed that the companies used unique competitive strategies/products to attain a competitive edge and that promotion and advertising had increased the number of customers who used products and services. The respondents further agreed that companies had adopted differentiation strategies to improve performance by differentiating their products and services from their rivals.

This regression results established that there is a positive and significant connection between the competitive strategies adopted; that is, differentiation strategy, market focus strategy, cost leadership strategy, and organization performance of the companies in the telecommunication sector in Kenya.

**5.3 Conclusion of the Study**

The research concludes that the usage of cost leadership strategy by the organizations were that the organizations used the strategy most on focusing on reducing operating costs, offering services in a broad market at the lowest prices and on defending existing products. The organizations that use low prices for their products to maintain a competitive edge, develop new products that meet the market demand, use knowledge gained from past production to lower production costs, focus on searching for the economies of scale and quality delivery of service at competitive prices and at appropriate locations.In conclusion the strategies adopted by telecommunication companies improved the overall organization performance and that some of the key performance indicators that were influenced were: cost and operating efficiency, customer retention, salary competitiveness, profitability and product growth transformation.

The study also concludes that formulation of competitive strategies is relevant if a firm is to keep its market share and remain competitive and that in the telecommunication sector there is aggressive rivalry and this has made firms operating the industry to embrace different strategies in order to remain competitive. From competitive approaches adopted by firms in the telecommunication sector, the research concludes that differentiation strategies, product segmentation and low cost leadership strategies are adapted to a very great extent. Other strategies include strategic promotions, advertisements and market focus strategies.

Telecommunication companies in Kenya also adopt low cost strategy to reduce overheads. Market focus strategies empower organizations to offer excellent customer service and launch new products. The research established that organizations that use differentiation strategies observe to specifications that greatly impact on product performance, protect quality management systems from rational actions and offer unique and quality products to the market. Various competitive strategies utilized by firms are aimed at enhancing the firms’ performance

### 5.4 Recommendations of the Study

The study found out that the firms had created unique positions in the market through provision of goods and services and thus the study recommend that they continue investing in coming up with unique products so that they can differentiate themselves.

The organizations should also continue innovating products which will compete with other companies' products and at the same time they should do aggressive marketing in order to remain competitive and to change the perception which the customers have regarding the pricing of their products.

The study recommends that the telecommunication companies in Kenya should benchmark their differentiation strategy with other service industry firms in the market that have successful differentiation strategies to improve on their current strategies. The strategies should aim at enhancing organization performance and competitive advantage of their companies.

**5.5 Limitations of the Study**

In the pursuit of carrying out this study, the researcher initially experienced challenges of getting information/data from the respondents who were the management staff. Accessing the management staff of targeted telecommunication companies was difficult as they were busy and it was difficult to fit in their busy schedules. However, the researcher countered this limitation by booking for appointments at the most convenient time of the respondents so as to avoid interfering with their busy schedules.

Other than the challenge of access to the needed information as some of the respondents were also unwilling to share information for fear that the data may be released to other unauthorized persons or market rivals. However, the researcher resolved this challenge by informing the participants the purpose of the study and how it could benefit the company. The researcher also followed ethical procedures and ensured confidentiality of the data given.

## 5.5 Areas Suggested for Further Research

This study sought to identify competitive strategies embraced by the players in the telecommunication sector and how they influence performance of the companies in the sector. This study was limited to telecommunications companies in Kenya. The study recommends that a future study be conducted in other sectors, other than in the telecommunication sector, for comparison of results.

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# APPENDICES

## Appendix I: Letter of Introduction

**Dear Respondent**

**Letter of Introduction**

I am writing to request permission to conduct a research study at your esteemed company. I am currently enrolled in the MBA program at the University of Nairobi and am in the process of writing my Master's Thesis. The study is entitled Impact of competitive strategy on organizational performance.

If approval is granted, a questionnaire will be distributed to the respondents to answer and the exercise should take no longer than 30 minutes. The results will be pooled for the thesis project and results of this study will remain absolutely confidential. Should this study be published, only pooled results will be documented.

Your approval to conduct this study will be greatly appreciated.

Sincerely,

ListaOmayio

# Appendix II: Questionnaire

**PART A: RESPONDENTS/ COMPANY BACKGROUND INFORMATION**

Please fill out your personal information in the spaces below. Please tick where appropriate.

1. Gender

    Male [ ]

    Female [ ]

2. Indicate your age bracket

    Below 20 years [ ]

    20-30 years [ ]

    31-40 years [ ]

    41-50 years [ ]

    Above 50 years [ ]

3. State your highest level of education

    Secondary level [ ]

    College [ ]

    University [ ]

    Postgraduate [ ]

4. For how long have you been working at your organization?

    Less than 5 years [ ]

    5 to 10 years [ ]

    11 to 15 years [ ]

    Above 15 years [ ]

5. For how long has your company been in operation?

Less than 10 years [ ]

10-20 years [ ]

21-50 years [ ]

50-100 years [ ]

More than 100 years [ ]

6. Name of the company……………………………………

**PART B**: **Competitive Strategies.**

7. What is your level of agreement with the following statements that relate to the adoption of competitive strategies in your firm?Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5- strongly agree.

| **a) Differentiation strategy** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|
| The company uses/offer unique competitive strategies/products to attain a competitive edge | | | | | |
| The company segments products based on benefit sought by the customers. | | | | | |
| The company has adopted differentiation strategy to improve performance. | | | | | |
| The company use differentiation as a strategy to differentiate its products and services from their rivals. | | | | | |

| b) **Market focus strategy** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|
| The company has adopted focus strategy to improve organizational performance? | | | | | |
| The company segments products based on benefit sought by the customers. | | | | | |

| c) **Cost leadership strategy** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|
| Promotion and advertising has increased the number of customers who use your products and services. | | | | | |
| The company uses cost strategy to increase the market share and keep ahead of competition. | | | | | |
| The company has outsourced or discontinued some services in order to lower operation cost | | | | | |
| The company achieved competitive strategies of low cost-leadership | | | | | |

**PART C**: **Organizational Performance**

8. To what degree are the following performance indicator used in your organization?

   Please tick in the appropriate square. 1= Least extent, 2= Low extent, 3= Moderate extent, 4= Great extent, 5= Very great extent

| **Financial/Customer/People Measures** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|
| Expense versus Budget | | | | | |
| Innovation expenditure | | | | | |
| Cost/ Operating efficiency | | | | | |
| Customer attrition rate | | | | | |
| Customer satisfaction and retention rate | | | | | |
| External response to open positions | | | | | |
| Salary competitiveness | | | | | |
| Skills attained with training | | | | | |
| Employee retirement/turnover rate | | | | | |

9. Please respond to the following questions by ticking on the appropriate box (√).

   Greatly Improved (5) Improved (4) Constant (3) Decreasing (2) Greatly decreased (1)

| **Statement** | **1** | **2** | **3** | **4** | **5** |
|---|---|---|---|---|---|
| How do you rate the performance of your company for the last 5 years? | | | | | |
| Has product/service differentiation improved performance in your organization? | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| How do you rate the product/ service performance over time compared to competitors? | | | | | |
| How do you rate your approach to quality management to ensure complete customer satisfaction? | | | | | |
| How do you compare strategies used to improve organizational performance overtime? | | | | | |

10. To what extent have the competitive strategies affected the performance of your Company?

    Very great extent [ ]

    Great extent [ ]

    Moderate extent [ ]

    Little extent [ ]

    No extent [ ]

11. What unique competitive strategies/products does the company offer to attain a competitive edge?

    ..........................................................................................................................

    ..........................................................................................................................

    There is a positive relationship between competitive strategy and organizational performance.

    Agree [ ]

    Disagree [ ]

**Thank you**

## Appendix III: List of Firms for Study

i. Safaricom Limited
ii. Airtel Limited
iii. Telkom Kenya
iv. Equitel Limited