

**INNOVATION STRATEGY AND COMPETITIVE ADVANTAGE OF
SAFARICOM KENYA LIMITED**

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DECLARATION

This research project is my original work and has not been submitted for a degree course in this, or any other University

Signed.....Date.....

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

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DEDICATION

This study is dedicated to my husband Mr. Kenneth Rotich and children Ian, Ivy and Amy for giving me the enabling environment for the production of this work. Their unending moral support cannot go unnoticed.

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ABBREVIATIONS AND ACRONYMS

CCK	Communication Commission of Kenya
ICT	Information Communication and Technology
R&D	Research and Development
RBV	Resource Based View
SCA	Sustainable Competitive Advantage
SWOT	Strengths Weakness Opportunities Threats
USD	USA dollar

ABSTRACT

This study aimed to verify how innovative strategies lead and competitive advantage at Safaricom limited. The research employed a descriptive cross-sectional research design. The study was a case study as it focused on one company, Safaricom ltd. The population of the study consisted of 8 heads of department or there equivalent at Safaricom Kenya Limited Headquarters in Nairobi. Data gathered was analyzed via content analysis. The study utilized primary data and was majorly qualitative. In this research, a systematic standardized approach of interviews was employed as the most appropriate method. Data gathered was systematically structured in a way to help in analysis using the content analysis technique. The study determined that most of the respondents understood innovative strategies adopted in the organization. They also had the requisite work experience in the organization and educational qualification for them to make meaningful contribution to this study. The findings indicate that differentiation strategy is usually adopted to tackle competition. They also agreed that the organization concentrates in offering distinctive product or service so as to be distinctive from other enterprises. The results indicate that the organization creates unique product or service that give the company a prospect to have a premium price for their products to gain market share. The results indicate that the enterprise has developed a distinctive place in the market by way of offering of products or services that are priced for their distinctiveness or meet customers' needs by providing more components in the products that they sell. Other strategies identified include creating awareness to the public for more sales, introducing offers relevant to the people and products warranties that guarantee customers of good quality. The findings indicate that the organization has adopted a low-cost strategy to tackle competition by ensuring that even the less fortunate get informed and are able to access the products. They have also introduced new offers and discounts thus reducing the cost giving affordable prices. The Findings indicate that the company focus attention on offering low priced or services relative to other market players, or unmatched products or services at an equal cost so as to become competitive using products such as Tunukiwa and consistent customer education. The study found a positive relationship between innovative strategies and competitive advantage at Safaricom limited. The firm has increased its market network, enhanced quality of services compared to rivals in the industry, adopted effective strategic responses towards external and internal changes faced by the company and has experienced high customer satisfaction. This implies that high levels of competitiveness may result from adoption of innovative strategies practices.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Organisations today seek to perform better than its industry rivals by building resources to enable it gain competitive edge. Porter (1980) takes note of that specialty units in a particular business concentrate on discovering a one of a kind position in the business where they can best safeguard as well as exceed the aggressive dynamics influencing their processes or impact these powers to their support. Porter (1985) hypothesizes that once an organization supports benefit that surpasses the normal for the business in which it exists, the firm is said to have upper hand over its opponents. In the present quick changing business condition, portrayed by expanding globalization, fast innovation changes and fresher ways of life, firms that need to stay focused must be creative. It is in this viewpoint that officials of these organizations frequently consider how they can enhance their focused edge by methods (Nyandoro, 2015).

This study is supported by the resource based as well as the open systems theory. As asserted by Grant (2001) the resource-based viewpoint is an inverted procedure of development of strategy. The hypothesis views an organizations assets and capacities and the capacity of these assets to produce and boost an incentive to an association economically. Bastedo (2004) progresses that open systems hypothesis alludes to the idea that associations are emphatically affected by their condition. These associations likewise give key properties that manage an element and prompt change and survival.

The basis of this study was the telecommunication industry in Kenya given it has been faced with increased competition. This can be attributed to the communication and advancement of the significant global markets which has shrank the universe to become a global town to the level business exchanges are concerned (Noble, 1999). Because of this, associations are confronting hardened rivalry from both within and outside contenders. Associations are executing different imaginative methodologies to accomplish a feasible advantage and upgrade their survival in an industry.

As stated by the Communication Commission of Kenya (CCK), which is the industry regulator, mobile subscription and penetration has experienced an exponential growth over the years, to reach the current subscriber base of 30.7 million subscribers which represents a mobile penetration rate of 78.0% (CCK website, 2013). This growth is as a result of increase in the use of mobile phones in communication through which remittance of small amounts of cash is transacted to a big number of the Kenyan population at manageable or low cost which in turn has made the innovation so popular.

1.1.1 Concept of Innovation Strategies

According to Dodgson et al (2008) in developed as well as developing economies, innovation strategies have turned out to be among the juggernauts in driving associations to larger amounts of benefit and client maintenance. Development is viewed as a key business process that organizations are utilizing to accomplish upper hand. Developments are at present a crucial essential of intensity (Striss et al., 2009). Fruitful organizations are as of now the ones that actualizes imaginative techniques.

Innovation is an integral part of what creates it resulting in a change of emphasis of innovation in the direction of offering inimitable as well as customized experiences to people whenever they buy products and services. The experience can be influential if enterprises understand the behaviors of the consumers and incorporate them in the initial phases of their innovation process so as to offer them solutions that meet their demands. When consumers get well-versed, and can exchange as well as utilize universally-obtainable information, they are elevating their demands on products and services that enterprises and public sector offer (Laursten & Salter, 2006).

Similarly, the globe is turning out to be flat, offering every person the opportunity of partaking in the economy as well as value creation. Enterprises capacity to become innovative is a prerequisite for the use of creative resources as well as novel technologies effectively. Contrariwise, the introduction of novel ideas usually pose complex prospects as well as challenges for enterprises resulting in transformation of managerial practices and the development of different organizational structures (Macrouse, Hodder & Stoughton, 2003).

The telecommunication industry in Kenya has experienced basic and sensational changes since its liberalization 12 years prior. The area, which is one of our nation's financial drivers, is today characterized by rivalry, capital escalated venture, dynamism, and exponential development. The managed nearness of versatile items being coasted to clients consistently delineates elevated requirements of imaginativeness.

The telecommunication operators focus their attention on these modern technologies so as to cross-sell more mobile services and enhance revenue from these services consumption. Investment in these novelties as well as value-added services not just promise extra revenues but similarly enhances loyalty among their client base. Amongst the innumerable prominent novelties in the Kenyan telecommunication sector are; Mobile money transfer services, Mobile banking, Text based educational programs like M-Health and M-Farming, Ring back tones, Mobile applications stores, cloud computing amongst others.

1.1.2 Competitive Advantage

Basically competitive advantage is a place of predominance with respect to the firm in connection to its opposition in any of the large number of capacities/exercises performed by the firm (Noble, 1999). It implies that a firm can pick up an upper hand in a few ways. Firms need to make sense of how they can play out a specific capacity or capacities, either, superiorly, or in respect to rivalry (Rapert et al.,2012). The prevalence or qualification has been of incentive to the client and ought to be seen by him/her as such.

The most boundless hypothesis clarifying wellsprings of upper hand is the "resource based view" (RBV). As per this hypothesis, the two primary wellsprings of feasible competitive advantage are resources and capacities (Grant, 2011). Resources are the asset gifts the business has collected, and capacities are the paste that keep these benefits together and empower them to be conveyed profitably.

Abilities contrast from assets because they cannot be assumed a money related esteem and are so profoundly installed in the authoritative schedules and routines that they cannot be exchanged (Day, 1993). Innovation may be employed as strategic weapons by small enterprises to safeguard their competitiveness and gain a promising industry place. Cost advantage evaluates an enterprise's capability to provide a service at a low-price, while service range advantage evaluates an enterprise's capability to provide customers with more customized services (Laffont & Tirole, 2000). According to Porter (1990) Competitive advantage is an edge over rivals attained by way of customer's greater value, either through cheap prices or through offering more benefits and services that substantiates a greater cost.

Competitive edge is regarded to be the impetus for better enterprise performance. To constantly perform at such a level, an enterprise usually has to foster a progressing system of competitive edges to take it through competition and over time. Competitive strategy out to stem from a refined cognizance of the competition rules that defines the appeal of the industry (Porter, 1995).

In the telecommunication industry globally, voice revenues are the major segment of a number of telecom operators within the sector. Contrariwise, with growing permeation of voice as well as declining returns, operators have adopted novelties and value added services to respond to this impact and enhance their competitive edge position in the business. The business is moving its key concentration in pulling in and retaining customers to enhance their competitive edge.

1.1.3 Telecommunications Industry in Kenya

The Kenyan mobile communication sector has quickly developed in the previous years from a monopoly to the present oligopoly framework with an aggregate of 38.3 million people as subscribers by March 2016. This development in cellular phone communication has basically been compelled by headways in remote innovation that has took into account quickened and financially savvy rollout of versatile systems (Qiang, Rossotto & Kimura, 2009).

Kenya's telecommunications sector has gone through substantial transformations from the time when the influx of four fibre-optic international submarine cables in latest years. The intensive surge in worldwide bandwidth led to 90% reduction in the price of broadband access. This guaranteed more affordable service for majority of the people. As a result a sustained revenue growth has been seen by operators as their services delivery is backed by intense investments in innovations and in development of infrastructure. Mobile communication in Kenya is overseen by the Communication Authority of Kenya (CAK), some time ago Correspondences Commission of Kenya (CCK). Before the finish of the main quarter of 2016, the aggregate versatile communication administrations use infiltration of Kenya was at 38.1 million, meaning 89.2 % broadly (www.ca.go.ke). The major players in the telephone industry include Safaricom ltd, Airtel and Telekom.

Continuous infrastructural improvements by administrators have to a great extent been centred around arrange extension for expanded across the nation scope. The period of January-March 2017, market share in the Telecommunication market has Safaricom Kenya Limited as the major player at 71.9 % of total subscriptions. Other operators are Airtel, 16.3%, Telkom, 7.2 %, Finserve, 4.4%, Mobile Pay Limited, 0.0%, Sema Mobile Services, 0.2%. This portrays expanded general competitiveness inside the business and henceforth the requirement for firms inside the Media communications industry to consistently reevaluate themselves to keep up a focused position in the business ("CCK Research", January-March, 2017).

The vibrant and global competitive situation has made novelty a more appropriate. Meusburger (2009) argued that this is as a result of mainly three key developments: intense universal competition, fragmented and challenging markets, as well as varied and fast moving technologies. In a number of states, the speed of transformation in telecommunication sector is remarkable and the providers of services in the global arena are becoming increasingly interconnected. There is a vast exploration of new types of business and corporate strategies: enhanced market segmentation, industry consolidation, transformed delivery channels as well as stretched product offers. Much credit has been awarded to information technology (IT) as a crucial change facilitator. Furthermore, it leads to a catalyst of change resulting in new products for instance, mobile banking as well as electronic banking, (Gitonga, 2013).

The majority of Kenyan enterprises maintain that information and communication technology (ICT) is a potential in attaining innovative strategy. The ever increasing level at which enterprises are acquiring mobile phones, computer hardware and software and internet use for information and communication is an evidence of the growing understanding of ICT in the Kenyan business (Odhiambo, 2008). The business payback of ICT usage comprise efficiency as well as achieving enhanced revenues. The great prospects that the internet has availed to the telecommunication sector have consequently pulled greater consideration from researchers whose focus actually group on key areas of importance (Lundvall, 2012).

Kenyan telecommunication enterprises carry out incremental as well as sweeping novelty. Under these enterprises, periods of incremental novelty are combined whenever required with fundamental as well as transformational change. Although the Kenya telecommunication business has been operational in a competitive setting, the enterprises have continuously undergone trajectory growth with regards to customer and asset base volume. Hence it is anticipated that these enterprises can to succeed in this competitive environment if they adopt strategies for instance innovation to adjust to and counter the transformations as well as challenges in the environment which they operate. The adverse effect of the telecommunication business situation is due to the changing operating environment which supports embracing of innovation strategies to enhance a competitive edge within the local markets (Odhiambo, 2008).

1.1.4 Safaricom Kenya Limited

The Safaricom Kenya Limited began as a bureau of Kenya Post and Telecommunication Company, the previous imposing monopoly administrator in Kenya. It propelled its operation in 1993 in light of vogue arrange and was moved up to GSM framework in 1996 (permit granted in 1999). With its will, the organization was fused in 1997 under the organizations go about as a private obligation organization. Its objective is to empower employees by way of the use of innovation in any time as well as place.

In 2002, it was changed over into a public company with constrained risk. Safaricom Kenya Limited was a state-owned company inside the importance of the state partnership Act (CAP 446) Laws (www.Safaricom.com). The Safaricom Kenya Limited has effectively figured out how to remain in front of rivalry in the arrangement of incorporated broadcast communications administrations to its clients. Safaricom under the Chief Executive Officer, has embraced a departmental framework : Commercial, Technical, Customer Care, Risk, Finance, Corporate affairs, Human Resources, Supply Chain, Investor relations and New Products together with the Chief Officer heading every single department (www.safaricom.co.ke). By way of its IT department, the company has intensively put investments on innovation that backs as well as promoting the mission of the organization.

The organization as of now appreciates a 60.8% piece of the overall industry of the aggregate mobile web clients in Kenya, after that Airtel at 21%, Telkom at 11% and Equitel at 6% (Communication Authority of Kenya, 2016). Keeping in mind the ultimate objective to respond to the difficulties of new contenders, markets as well as innovations, Safaricom Kenya Restricted needed to experience ceaseless change, both at a key and operational level with a specific end goal to stay focused and to augment the accomplishment of the association's central goal of changing lives (Ogutu, 2014).

1.2 Research Problem

Rycroft and Kash (2009) stated that strategic innovation entails a procedure of co-development between cultural perspectives and technology. Radical innovations are new products or new technologies which fills the needs that are perhaps not yet recognized. On the other hand, incremental developments enhance what as of now is present. Kim and Mauborgne (2009) contend that strategic innovation focuses enhancing the blend of target markets as well as how picked markets are well attended.

With the Kenyan government liberalizing its telecommunication sector, many new entrants have entered the market and thus challenging established players as Safaricom Limited. All things considered, it is vital for an organization to set up an upper hand which is feasible (Porter, 2008). The way that the media transmission industry condition in Kenya has been influenced antagonistically by the changing working condition calls for selection of advancement methodologies in order to upgrade a focused edge in the business sectors.

Internationally, Sullivan (2000) compared firms in the 10th Federal Reserve district (that is Telecommunication firms in Kansas, New Mexico, Missouri, Nebraska, Colorado, Oklahoma and Wyoming) that used Internet web-sites for transactional services to firms that did not offer the service in the first quarter of 2000; using survey data of the 1st quarter of 2000. The study established that internet based transactional services were larger in areas with an educated populace with a higher proportion of the population being in the 18-64 age brackets. The firms that were offering transactional Internet web-sites also had higher income and little expenses.

Furst (2010) studied on video conferencing in the 3rd quarter of 1999 to find out the characteristics of Telecommunication Companies that offer video conferencing in Europe using the Logit models and found out that the adoption of video conferencing is dictated by urban area locations, affiliation to a holding company, higher fixed expenses and higher non-interest income. The data was obtained from 10 Telecommunication organization by way of questionnaires. Bellamy (2010) explored how implementation of innovation is perceived and processes of planning, and organizational climate dimensions have on the effectiveness of the deployment of new innovation. The survey was done on 100 employees in 6 different types of organizations that had new innovation installation recently.

Locally, Gitonga (2003) also conducted a researched on the innovation procedures and the apparent part played by the Chief Executive Officer (CEO) in the telephone business. To gain insight into this proposition, primary data was collected using survey design from two classes of respondents in every single 40 clearing banks; the Chief Executive Officer (CEO) and Business Development Manager (BDM). Results were analysed using descriptive statistics. The results of the research established that only 2 of the companies whose respondents had been working for 6 to 7 years agreed to the marketing strategy as an innovative strategy factor while 22 that had worked for less than 5 years disagreed. Karanja (2009) did an investigation on innovation techniques embraced by insurance agencies in Kenya. The examination design utilized in this investigation was a survey strategy; the whole populace was embraced covering 43 insurance agencies. The investigation depended vigorously on primary information got using semi-structure polls and the examination was done as descriptive statistics.

Kemoli (2010) completed an examination on strategic novelties and execution of commercial banks recorded in the Nairobi Securities Exchange (NSE). The examination utilized cross sectional review. Various hierarchical regressions were done on key strategic markets and the execution pointers. His investigation inferred that recorded business banks had digressed from the current business governs and occupied with making of new and noteworthy client esteem and that key innovations was installed in their corporate procedure.

Despite the fact that all the above looks into the connection amongst innovation and performance, all were relevantly differed and did not concentrate on strategic innovation on performance of mobile transmission firms in Kenya. This investigation will consequently be addressing innovation strategy and competitive advantage of Safaricom Kenya Limited. This, then, brings about the research question: how have innovations strategies enhanced, if at all, the competitive advantage of Safaricom Kenya Limited ?

1.3 Research Objective

The objective of this research was to verify how innovation strategy affects competitive advantage of Safaricom Kenya Limited in the telecommunication industry in Kenya.

1.4 The Value of the Study

This study was important to academicians as well as researchers, as it shapes a reason for additional examination. The academicians and students utilized this investigation as a reason for exchanges on innovation systems and firms` performance. The examination was a reference material source for further scientists on other similar themes and would incredibly aid different researchers who attempt comparable points in their investigations.

The research will similarly be beneficial to prospective entrants in the Kenyan telecommunication business. It provides invaluable understandings into the sector as well as the environment in which it operates. From the findings they will fully understand the link between innovation strategies and competitive advantage. They will in turn be able to adopt their innovation strategies in their endeavors so as to gain a competitive edge in the sector.

This study is timely and significant to the corporations in the telecommunication market as it assists the top telecommunication managers who formulate as well as implement policy to completely understand the association between innovation strategies and competitive edge. It provides insights into conceivable means they could possibly wholly make use of their Research and Development department to gain as well as sustain competitive edge.

The findings of this research will be highly vital to companies' managers and the Communications Authority of Kenya which is the country's telecommunications regulator in formulation of policies that will positively transform the sector with regards to facilitation of new strategy adoption and attainment of competitive advantage.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

In this section, the focus is on the theoretical basis. Theoretical foundation consists of the resource-based view (RBV), Innovation Imperative theory; Knowledge based theory and Imperative Capability theory. These four theories will guide study with regard to investigate innovation strategy and competitive edge of Safaricom Kenya Limited.

The empirical literature covered both international and local studies to demonstrate that Safaricom Kenya Limited has considerable constructive outcomes on competitive advantage. The empirical literature will contain the researches that were done previously by different scholars. The studies will contain the concepts, contexts and methodology.

The literature on the concept of competitive advantage is also covered in this chapter. It discusses into detail the definition and strategies that lead to competitive advantage. These strategies include; Diversification, Joint Ventures, strategic alliance and outsourcing where the company can compete effectively. From reviewing the literature, the knowledge gap was provided which will form the basis of this research.

2.2 Theoretical Foundation

Innovation is the result and the act of transforming knowledge as well as concepts into novel things that people value. Innovation results could be generally categorized into two major kinds: product and process innovation. They can similarly be categorized by their novelty's strength, or level.

Innovations could be incremental (evolutionary) or far-reaching (revolutionary) (Sircar et al., 2001). The functional apprehensions and requests of directors have regularly determined research into organisational novelty. Thus, normative hypotheses have been propelled providing recommendations for enhancing the novelty results of firm.

2.2.1 Resource-Based Theory

RBV has developed to be among the considerable hypotheses of strategic administration. Hypothetically, the focal preface of RBV inclines to the basic analysis of why organisations are unlike and how organisations attain as well as susstain competitive edge by deploying their assets. Barney (1991) displayed a more concrete and exhaustive system to recognize the required qualities of firm assets so as to produce maintainable competitive advantage. These qualities incorporate whether assets are: significant, uncommon among a company's present and potential contenders, supreme, and non-substitutable.

Teece and Pisano (1994) additionally built up the area proposing dynamic capabilities hypothesis as the "subcategory of the skills which allows the organization to develop innovative items as well as processes and respond to dynamic enterprise sector conditions". Competitive edge, therefore, lays on particular procedures, formed by the company's benefit positions and the developmental ways took after.

Despite the solid use of innovation, resource based view as well as dynamic capabilities concepts have a number of weaknesses. Primarily, it is frequently difficult to distinguish within an organization which of the many resources, separately or all in all, signify sustainable performance. The adherence to the common procedures on which abilities are grounded remains to be in growing phases (Leonard-Barton, 1995; Teece & Pisano, 1994). Devoid of cognizance of a particular exercises major abilities, think about copying and learning advancement in the region is difficult (Peteraf, 1993). Finally, the assessment of assets may perhaps change subsequently changing into a centre unbending nature of the relationship (Leonard-Barton, 1995).

2.2.2 The Innovation Imperative Theory

For a firm to grow in business and compete favourably with others, innovation is important. Innovation should be in the heart of any business executive who plans to move his organization to great success. According to a report written by Guan and Ma (2003), it is clear that there are seven innovation capability dimensions. They include marketing, resource allocation, strategy planning, manufacturing, learning, research and development and organizational planning.

Sawhney et al. (2011) contributed to knowledge about innovation strategies by listing a number of innovation drivers that an organization should adopt in order to be successful in competition. The drivers include a sense of shared understanding, alignment of innovation activities with the organizational major goals, availability of necessary tools for innovation and availability of interaction forums that help in sharing of knowledge.

Dittrich and Duysters (2007) conducted an investigation to understand how innovation networks could be used to deal with the technological environment that is always changing. The research looked at issues and concepts relating to research and development collaboration strategies. From the study, it is deduced that when a firm opts to use research and development collaboration as an innovation strategy, it can do so as either exploitation or an exploration avenue.

2.2.3 Knowledge Based Theory

It is a broadening of the RBV theory, puts forward that the key factors of performance dissimilarity are varied knowledge bases in the enterprises that enable them to develop as well as use knowledge (Decarolis & Deeds, 1999). Knowledge is a key component of competitive edge. It is perceived as dissimilar among different enterprises and as varied resource that in various indicators enterprises can value it (Amin & Cohendet, 2004).

In order to have a superior performance an enterprise should have the capability to secure, exploit as well as utilize the knowledge that it creates (Cameli & Tishler, 2004). Knowledge mixed with other resources as well as capabilities for instance contextual factors provides the enterprise with strategy and direction (Prieto & Revilla, 2006). Grant (1996) similarly concurred that existence of enterprises was as a result of combination as well as use of knowledge that is focussed they are much better than the manner in which it is carried out in markets. This study focuses on acquisition, application as well as sharing knowledge as constituents of knowledge management and the manner in which it could be developed and utilize in the enterprise.

The theory puts forward that in a progressively economy that is dependent on information a requisite for sustainable competitive edge, a learning company may possibly be created and adopting knowledge created as well as exploited (Ma, 1999). Yu (2002); Leonard and Sensiper (1998); Lubit (2001) are the key advocates of this concept, put forward that enterprise's basis for Sustainable Competitive Advantage (SCA) originates from the knowledge in the enterprise and the capability of individuals to utilize that knowledge. Lubit (2001) noted that having accessible resources as well as markets is not adequate to have a distinctive advantage, instead competitive edge is obtained from knowing the manner in which things are undertaken, the essentials to superior performance as well as capabilities are knowledge and intellectual capital.

As stated by Ren (2010) SCA may be derived from identification of three major resources: the distinctive market environment in which the enterprise operates, the enterprise's resources that are obtainable and could possibly be apportioned, and the enterprise's procedures that could be constantly innovated. Jiang (2002) noted that constant innovation of a resource even in reserved environment offers a distinctive as well as essential element that gives every enterprise capability to have and safeguard a sustainable competitive edge in the three sources.

Having the ability to adjust to operations is key for enterprises seeking to have SCA in the changing markets of their operation. Before the existing competitive edge falloffs, creation of new kinds of competitive edge is key in order to have an endless process of innovation. Therefore, a competitive edge ought to be considered and created by the enterprise's managers like it was on range.

2.2.4 Dynamic Capability Theory

Dynamic means the extent to which abilities could be improved for adjustment to shifting of business environment (Teece et al, 1997). Capabilities emphasises on the key part that played by strategic management in appropriate adaptation as well as use of organizational abilities, both internal and external, resources and capabilities in order for such competences to synchronize with the shifting business environment (Poulis, Poulis & Jackson, 2013). Hence, capacity of the firm to renew their resources in line with changes in its environment is focussed by dynamic capability approach (Poulis et al., 2013).

This concept is linked to RBV and dynamic capabilities are usually placed suggesting that enterprise processes could be utilized to develop, adopt resources to ensemble the markets thereby developing a transformation (Eisenhardt & Martin, 2000).

Eisenhardt and Martin (2000) indicate that enterprises' similarities are indicated by specific dynamic capabilities. Dynamic capabilities may change in various markets, in both unsound and unsound markets even though they are necessary for every market.

Teece et al (1997) maintain that dynamic capabilities are specific to every enterprise hence such capabilities are mainly valuable to those enterprises and could perhaps not be the situation in others. Eisenhardt and Martin (2000) put forward that the features of dynamic capabilities are specific to individual enterprises. They state that in sound markets, these capabilities are sound and could be regarded as procedures.

In unsound markets or those degree of change is high the dynamic capabilities will keep on varying swiftly hence not any more a procedure that could be relied upon by managers. Prigogine and Stengers (1984) explicate that such routines could possibly scatter in different directions and hence need much determination to be kept in check to the form that was originally aimed at.

Consequently, they postulate that how well an enterprise deals with dynamic capabilities in the shifting market environment, will result in enhanced performance. Dynamic capability concept identifies the significance of having competitive edge from enterprise's abilities by renewing abilities even in the shifting markets. This competitive edge comes from how well an enterprise internally renews its competences instead of outside the enterprise (Eisenhardt & Martin, 2000).

2.3 Forms of Innovation Strategy

Cooper et al. (2003) identified the importance of having an openly characterized innovation strategy that coordinated the innovation procedure. As indicated by Davila, Epstein and Shelton (2006) innovation is an integral part of the business and a necessity for sustained success.

The high level at which associations are purchasing mobiles, PC equipment and programming and in addition utilizing the Web for data and correspondence is confirmation of the expanding consciousness of data and correspondence innovation in the Kenyan market (Slater & Olson, 2011).

Various businesses are able to benefit from information and communication technology through increase of efficiency and returns. Through Information Technology (IT), firms are able to cross-selling procedures to pitch new advancements to their current client base (Caroline, 2008). It can be seen that company's selection of innovation transforms from enhancing productivity and furthermore enhancing the administration quality in adjusting the clients. Such evolving technique exhibits the circumstance where organizations contend to claim the prospective clients.

The appropriation of short messages administrations both from customers will, if adequately applied, prompt significant cost investment funds by safety net providers in the ranges of phone calls and work force time (Caroline, 2008). Forms of innovation include process innovation, product innovation and market innovation.

2.3.1 Product Innovation

Product innovation entails introducing into the similar markets a new service or goods so as to make your new product known to end users or enhancing the features of the existing goods or services in the market already, so that their anticipated use by customers, quality or association is enhanced relative to the present products.

This could be carried out by using new technologies, improved material constituents, enable the products have improved features than the current ones. Product innovation comes from cutting product cycles that come from shifting consumer demands as well as innovation. Product innovation is undertaken by examination of what is presently in the market, pinpointing the markets requirements regarding the products needed and as a result presenting new products or refining current ones to meet those requirements.

Technological advancement is key in product innovation as it helps in endorsing new features that respond into shifting consumer demands as well as intense competition. Being cognizant of the particular consumer needs, modern technologies, and suppliers' capacity as well as having sound internal enterprise relations will result in an effective product innovation (Adriopoulos & Dawson, 2009).

Kirill (2011) terms product innovation as the development of a new product, altering the design of current products, or employing components that are not the same in the manufacture of products existing the markets. Hence, product innovation strategy takes two dimensions: presenting new products, and enhancing the existing services or products. The whole process of developing a new product or service to the market is determined by creation of new products.

There process of introducing a new product or service entails research and evaluation of market that conveys the concept of a new product or enhancement of current one. Product design is then done and innovation is then deliberated for the current product. Product innovation strategy is usually utilized to prolong the life of a product and essential when refining current products or when the products sales is declining, hence giving the most clear way of generating revenue.

Product innovations enables the firms to build up the market thereby gaining of competitive edge by enterprises; market innovation facilitates entry into new markets by the organizations and consequently expanding the upper hand; process development empowers the carrying out of the organizations' operations in this way expanding adequacy and effectiveness while innovation will support simplicity of stream of data and quick conveyance to the proposed people (Rycroft, 2009).

2.3.2 Process Innovation

Davenport (1993) defines process innovation as a combination of framework for undertaking anticipated job in order to have and better outcomes. Process innovation puts into consideration the whole business goal and looking into whether the manner in which things are done presently is adequate in realizing goals and if not, improving the manner in which things are done so that the goals are realized. Process innovation gives a way of ensuring improved quality and similarly for saving costs.

Process improvement can differentiate process innovation, where a lower level of transformation is looked for. Process innovation as a strategy is described by doing business processes in new ways whereas process enhancement is doing the similar business procedures however in a way that enhances efficiency. Business process restructuring as well as quality function placements are adopted by product innovation (Cumming, 1998).

An enterprise that constantly seeks out to improve the processes has enhanced performance as well as reduction of cost through efficient and effective procedures. This improved process brings about better means of undertaking business and reduction in costs of products that ultimately transfers to end users.

Process innovation is vital to an enterprise in facilitating any product or service that is introduced to the market. Process innovation management is a puzzling undertaking particularly in of services, which is dependent on personal relations to attain and elicit the best outcomes (Johne & Storey, 1998).

For a successful process innovation, it is essential that enterprises inquiry into present process, then equipping itself with the suitable environment and capability to innovate and ensuring that the needs of customers drive the process innovation (Fitfield, 1998).

2.3.3 Market Innovation

Market innovation considers combination of targets enhancement and the manner in which selected markets are served appropriately (Mitchell, 1996). Identification of better (new) prospective markets is the key goal; and better (new) methods to serve the targeted market. It is similarly termed as marketing method implementation entailing enhance modifications in product itself, packaging, placement as well as pricing strategy. Outcome of market innovation as a strategy is to meeting the needs customer in a better way, to have different product markets, or to allow the products of an enterprise to have a to position themselves better in the market in order to enhance sales volume. Market innovation considers pricing strategies, product offers, product design properties, product placements and/or promotion undertakings of an enterprise.

By way of adept market segmentation identification of market innovation of prospective markets is attained (Walker et al, 1996). Separation is entailed in Market segmentation, whereby a complete prospective market is separated into smaller and more manageable parts in order to serve those markets in a better way hence enhancing the enterprises profitability as well as presence. An incomplete market segmentation will lead to enterprise not optimally positioning its particular products to the target clients hence declining its returns as well as market position.

2.4 Competitive Advantage

Porter (1985) argued that competitive edge is present when an enterprise gives a product or service that the customers regard as superior relative to its competitors. Competitive edge is a major factor that drives an enterprise's performance in competitive markets. In recent years' organizations formulate business strategies that will help them to develop a competitive edge. Dogan (2010) noted that an enterprise has competitive edge when it actualizes a system that competitors cannot copy or find too expensive to endeavour to imitate. Porter (1985) recommends that a company's upper hand is dictated by its aggressive degree or the broadness of the specialty unit's target market. As indicated by Powell (2011) a cost leadership methodology is probably not going to be effective in giving competitive edge. Lion's offer showcasing group website demonstrates that community banks are not generally ready to accomplish cost edge, particularly in head to head rivalry with bigger, high-volume foundations.

Additionally, organizations cannot seek out the majority of the competitive sources due to shortage of assets (Prajogo & McDermott, 2011); Henderson, 2011). It is abnormal to discover a business that contends on every one of the three measurements however most would plan to have upper hand from either measurement (Henderson, 2011; Watchman, 1985). Besides Njoya and Niemeier (2011) propose that cost methodology gives a short-term competitive edge.

According to Li and Zhou (2010) firm can differentiate itself in different courses, for example, offering inventive features, propelling powerful advancement, giving unrivaled administration, building up a solid brand name, et cetera. Past research seems to have achieved an agreement that contender introduction is destined to prompt cost advantage (Han, Kim and Srivastava, 2008). Chowdhury (2011) terms competitive edge as the aftereffect of separation. He additionally recognizes two sorts of differentiation edge: innovation and market differentiations. Adewoye (2013) found that value intensity is the slightest critical factor for clients when they assess their business association with telecommunication industry.

2.5 Innovation Strategy and Competitive Advantage

Organizations today work in an exceptionally unique, questionable and focused environment. They compete in "amenity" that are small but important. Firms are attempting to realize edge with a particular ultimate objective to allow them to acquire a greater as well as firm place in the commercial center. The best track for enterprises to gain competitiveness is by way of development (Slater & Olson, 2011).

Innovative practices and creativity internally are ways to achieving growth and sustaining performance within the organization. Therefore, an organization should work to encourage and foster the growth of these elements. The aim of this paper was to ascertain the role of innovation strategies embraced by telecommunication enterprises in Kenya on gaining competitive advantage.

Innovation entails acting on the inventive thoughts with a view of making some particular and tangible distinction in the sphere within which the innovation takes place (Davila et al. 2006). It is the effective accomplishment of inventive concepts in an enterprise Oke and Goffin (2001) posit that strategy is the trajectory and extent of an enterprise over the long term that attains an edge in a shifting environment by way of its alignment of resources as well as capabilities in order to meet the expectations of stakeholders.

Innovation is a significant prerequisite for enterprise growth as well as profitability. The continued existence of enterprises in the private sector in progressively competitive market needs creativity and inventiveness. The ability to innovate has been regarded as the single most essential element in creating and facilitating competitive edge (Tidd, 2001). Davila et al. (2009) have argued that novelty is an essential component for continued success and is a core of an enterprise. Brown (1997) has emphasized on building inventive establishments and managing novelty progression as key factors of institutional continued existence.

With the objective of enterprises to have as more innovation as feasible it is essential for them to be acquainted with the formula of innovation as well as its principles which innovation originated. There are a few kinds of innovation or routes in which enterprises can realize innovation in a level of whole organization. This document points out the ways this can be realized starting from their products and services, means of delivery, supply and so forth. Novelty can be supported by merit-based honors (gifts) and external equity, for example, business blessed messengers, investment and enterprises.

As indicated by Gary Hamel the ideal strategy is connected with fundamental transformations and making of another vision for new future where you was a front-runner as opposed to follower of the patterns built up by others. The triumphant strategy is a technique that incorporates a vision (Dobson et al, 2004). While a large portion of the organizations utilize innovation once in a while some of exceptionally fruitful endeavor as of now utilized advancement as fundamental approach to relate with their business sectors. Enhancing limit to an imperative wellspring of accomplishing of competitive advantage (Morden, 2007).

Enterprise have to be innovative in so that they can be at the forefront of their competitors. If an enterprise intends to develop a business strategy that places it ahead of innovation, it ought to create means of enabling that strategy effective. Rycroft and Kash (1999) have argued that innovation needs a practice of co-evolution between knowledge and cultural perceptions where fundamental novelties are new knowledge or new products that meet needs that may not have been recognized; and incremental innovations advances what was there already.

Kim and Mauborgne (1999) contend that innovation entails refining the target markets mix and the manner in which the selected markets are appropriately served. Certain enterprises maintain that the collective improvements in efficiency are much better over time than the ones that originate from uneven radical changes.

Despite such arguments, a number of these short- and medium-term benefits are fast swept and immersed into the standard of the industry hence is not able to be relied on as a requirement for continued existence as well as growth. Cooper, Scott and Kleinschmidt (2003) identified the importance of having a clearly stipulated innovation strategy guiding the innovation process. Tushman and Nadler (2006) argued that telecommunication sector strategic management require that enterprises ought to put in place effective systems to counterbalance unanticipated occurrences that could possibly safeguard their operations and lower the risks that come with innovations. Davila, Epstein and Shelton (2006) postulate that innovation is an essential constituent of continuous success and is the business core.

In employing IT, the enterprises could adopt the strategies of cross-selling to sell new novelties to their current client base. It may be observed that enterprise's implementation of technology transforms from enhancing efficiency and service quality to the customers. These varying strategies display the circumstances where enterprises contest to grasp the prospective clients (Caroline, 2008).

2.6 Empirical Studies and Knowledge Gaps

Various studies demonstrate that innovation strategy in telecommunication industry has considerable constructive outcomes on profitability, service delivery, and customer service. Malhotra and Singh (2009) reviewed the impact of innovation strategy in telecommunication industry. They discovered that many organizations in telecommunication have efficient operations.

A study by Adewoye (2013) influence of innovation strategy on service delivery in the Nigerian telecommunication industry and it reveals that telecommunication industry service delivery in many ways such as transactional expediency, saving of time, fast transaction notification as well as save of service cost which has improved customer's relationship as well as satisfaction. The research proposes that the management of telecommunication industry ought to make attention to inform general society about the advantages determined on the telecommunication industry service.

Shih (2013) conducted a study which aimed at promoting the use of mobile transaction services. They also summarized 13 service items affecting mobile services, functional programs, and accessibility programs. The study designed questionnaire using the Analytic Network Process. The study used three experts from the telecommunication industry and academia to compute the weights and find out the optimum program accordingly. The findings proposed for functional programs that could be provided.

A study by Bureti (2013) sought to find out how innovation strategy contributed to customer satisfaction at Orange in Eldoret town. The study was a descriptive research using a sample size of 213 respondents who were selected through stratified and purposive sampling a population of 2,130 employees, orange customers and agents. Rotich (2015) studied the impact of innovation strategy on the telecommunication enterprises in Kenya. Descriptive research outline was utilized in the research. The sample size constituted of 42 telecommunication companies by December 2014.

Questionnaires were utilized in gathering primary data. From the study the volume of Joined ventures and outsourcing initiative had expanded in most recent 5 years. This chapter has discussed theoretical review by focusing on the RBV theory and the innovation imperative theory. The chapter also discussed competitive advantage. The empirical review covered global and local literature on innovation strategy and competitive advantage. The next chapter will discuss research methodology.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This part explains the methodology adopted in the entire research. It presents the diverse strategies that the specialist used to gather, analyze, exhibit and discuss the discoveries of the examination. This incorporates points of interest on the examination methodology, how the information was gathered and analyzed and exhibited is discussed.

The research methodology included research design which explains the research design selected which is descriptive research design. A descriptive design is appropriate since it involves observing and describing the behavior of the variable. The data collection process involved use of questionnaire to collect primary data.

The population under study consisted of all the 8 employees at Safaricom Kenya Limited Headquarters in Nairobi. The departments include: marketing, strategy and innovation, risk management, Enterprise Business Unit, customer operations, sales and operations and financial services. Collected data was analyzed via content analysis.

3.2 Research Design

The research adopted a cross-sectional research design method is usually employed in making inferences regarding probable connections or to collect primary data to enhance further research as well as experimentation. Different from longitudinal studies that consider a group of population over a long period, cross-sectional studies are employed in describing what is taking place at the present moment (Laake, Benestad & Olsen, 2007).

Cross-sectional research design was picked in light of the fact that it bids for generalization within a specific parameter. The information acquired was standardized to permit simple correlation. In addition, it investigates the current status of at least two factors at a given point in time. This plan improved an orderly portrayal that is exact, legitimate and solid.

The study was a case study since it focused on one company, Safaricom ltd. The study entailed looking at the population where there is difference on one major characteristic at one particular moment. The data was obtained simultaneously from population with related other features but dissimilar on a major characteristic of interest for instance age, education level, socioeconomic status, gender among others (Cherry, 2018).

3.3 Data Collection

Data collection is the method concerning measuring data on aspects of interest, in a set up precise design that allows one to answer conveyed research questions (NIU, 2015). This test included the utilization of essential data. The information was gathered by way of direct meetings. The methodology was founded on physical direct discussion that went for gathering applicable data with the end goal.

The study utilized primary data and was majorly qualitative. In this research, a systematic standardized approach of interviews was employed as the most appropriate method. The interviews were conducted formally using an interview guide. The study collected data sourced through an interviewer administered interview guide which contained both focused and clear questions to encourage open-ended responses (Pawar, 2004).

This research was justified to use interviews in data collection because interviews facilitated collection of accurate information as well as clarifying them appropriately. By allowing the researcher to give clarification to ambiguous answers as well as seek follow up information appropriately. Interviews enabled the researcher to establish an excellent rapport with the participants hence gain their collaboration (Leedy & Ormrod, 2001).

The population of the study consisted of 8 employees or their equivalent from each department at Safaricom Kenya Limited Headquarters in Nairobi. The departments include: marketing, strategy and innovation, risk management, Enterprise Business Unit, customer operations, sales and operations and financial services.

3.4 Data Analysis

Data analysis embroils bringing order, structure and analysis of mass gathered data (Marshall & Rossman, 1999). Data obtained was systematically structured in a way to help in analysis by way of the content analysis approach involving observations and comprehensive descriptions of objects that are comprised in the research (Mugenda & Mugenda 1999).

The researcher analyzed data from the interview guide to determine the level of emphasis or omission and relationships. This led to the elementary theory development which focuses on constructs and relationships among the constructs. It's possible to identify key themes through the choice of words by the respondents.

The content of the responses from interviews were therefore analyzed to search for link between application of innovation strategies and competitive advantage. The analyzed data allowed for the identification, interpretation as well as making a scholarly judgment on the innovation strategies employed by Safaricom in gaining competitive advantage.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This part illustrates the data analysis, interpretation and presentation of the study which was to explore how innovative strategies affect competitive advantage at Safaricom limited. The qualitative data was analysed by use of content analysis in answering the various questions regarding the study objective.

4.2 Demographic Information of the Interviewees

The study targeted 8 interviewees who constituted top level management at Safaricom limited. The general information sought from the interviewees included their highest level of education and the number of years they had been in their current positions. The study required the interviewees to answer a list of 21 questions.

4.2.1 Level of Education

The interviewees were required by the study to state their highest level of education. On this question, Interviewees said that they had diploma certificate, university graduate certificates, university master's certificates, and PhD level education. This is an implication that most of the Interviewees had enough experience in their positions and the number of years they had served in their organizations.

4.2.2 Work Experience at their Current Positions

The most of the respondents interviewed have been in their present positions for more than two years. Some gained their promotions to their current ranks in recent years having worked in different positions at Safaricom limited. This makes them essential to the study since they have vast knowledge of the innovative strategies practices of Safaricom that have been used and their effect on Safaricom competitive advantage.

4.3 Innovative Strategies at Safaricom Limited

The main goal of the study was to verify the innovative strategies practiced at Safaricom limited. Primary data was obtained by way of interview guides administered on a one on one basis and analysed via content analysis. The research targeted interviewees drawn from senior management staff of Safaricom limited. The respondents agreed that differentiation strategy is usually adopted to tackle competition; the organization focuses attention in offering distinctive product or service so that it can single out itself from other enterprises; the organization creates distinctive product or service that give the company prospect to charge the best price to increase market share.

The interviewees indicated that the enterprise has created a distinctive place in the market by way of introducing goods or services valued for their distinctiveness or meet customers' needs by providing more components in the products that they sell. Such offers include SIM activations and creation of favorable pricing for goods and services that every customer can enjoy. Other strategies identified include creating awareness, introducing offers relevant to the people and products warranties to ensure quality.

The interviewees indicated the implementation of the lowest unit costs of a product or service by the enterprise has withstood competition thus attracting and retaining customers. They also indicated that this has been a strategy to attract and retain low income customers. Additionally, they indicated that the percentage of customers retained is higher than those pulled by competitor products because of the adoption of the lowest costs achieved through affordable values to customers that enhance their satisfaction.

The interviewees indicated that the company innovative advertising usually influence the public to use the products and services they offer, hence appealing to clients. This is achieved using social media platforms, internet-based kinds of adverts, bill boards and broadcasts. As a result of such advertisements customers flock the shop resulting in improvement in sales, new customer acquisition and retention.

The interviewees indicated that the organization has adopted a low-cost strategy to tackle competition by ensuring that even the less fortunate get informed and are able to access the products. They have also introduced new offers and discounts thus reducing the cost giving affordable prices. The interviewees indicated that the company focuses on offering goods or services at cheaper prices relative to competitors, or top-quality goods or services at an equal cost so as to deal with competition by way of products such as Tunukiwa and consistent customer education.

In addition, it was noted that the entity has a work force dedicated to the cheap price strategy in order to manage competition. They stressed that teamwork is very impactful since a healthy workforce fosters an increase in sales. Such low-cost strategies include providing different offers for different ages and economic classes and open days and bonga offers. The interviewees indicated that the company has outsourced or superseded any services which they do not have a low-cost strategy so as to manage competition by ensuring that goods and services are affordable. For example, promotions are done by agencies and not the organization itself in order to cut costs.

The organization has adopted lowest cost production strategies such that customers are able to purchase goods. Such strategies include team work, advertising, branding, and accommodation of common hustlers. The interviewees indicated that the organization has identified a specific customer segment or geographical market and introduced products that are appropriate for the segment. According to the interviewees this has been effective in tackling competition. Such strategies include accommodation of common hustlers.

The interviewees indicated that the organization has pursued either cost or differentiation strategies once the segment is identified; organization focus strategy depends upon improving communications and lives in the society, meeting the tastes and preferences of the customers, customer satisfaction and best service. The interviewees indicated that some of the challenges encountered when focusing on a target segment include identification of customers, customer needs as per segment, price differentiation, country economy; large clientele and huge stockouts and difficulty in meeting all customer needs.

The interview guide revealed that, the organization has adopted pricing strategy to attract customers and more sales. Example of such strategies include Bonga offers. The interviewees indicated that the organization evaluates the cost structure of every competitor and relate this to theirs when establishing the prices charged on products for purposes of meeting and attracting customers. The interviewees indicated that the organization offers distinctive or top-quality value to the customer by way of product quality, features, or after-sale backing in order to tackle competition. The interviewees indicated that the organization uses give aways, price reduction and revising of products and services as strategies for tackling competition. Others include advertisement, offers, billboards, flyers, banners, and price reduction.

4.4 Innovative Strategies and Competitive Advantage at Safaricom Limited

From the results, majority of the interviewees pointed out that innovative strategies enhance competitive advantage; majority of the interviewees indicated that the firm has increased its market share, enhanced quality of services compared to rivals in the industry, adopted effective strategic responses towards external and internal changes faced by the company and has experienced high customer satisfaction to a very great extent. This implies that high levels of performance may result from effective innovative strategies.

The finding concurred with Omondi (2014) who found that adoption of innovative strategies enhanced superior long-term performance in terms of increased profit, increased market share, customer base and increased asset base. The study found that the firms achieved competitive advantage over their rivals in the market; increased profitability, gained high returns due to effecting innovative strategies and increased volume of revenues to a very great .The study further found that the firm has increased market share compared to other companies and that there is increased number of customers in the firm to a great extent.

This clearly indicated that effective innovative strategies impact positively on organizational performance and eventual competitive advantage. This is also in agreement with the findings of Shih (2013). On the respondent's opinion on other ways through which innovative strategies in the firm has impacted on performance, the study found that innovative strategies is usually triggered by an enterprise's displeasure with existing practices and/or results. Intrinsically, the primary driving force for executing innovative strategies is to positively enhance companies' productivity and quality performance. Innovative strategies increase enterprise's capacity to avert problems. Executives who facilitate the attention of subordinates to planning are helped in their assessment and forecasting tasks to be aware of the need for innovative strategies. The adoption of innovative strategies leads to better decisions since they generate a bigger range of strategies on the basis of the specific perceptions of members of the group therefore assessing of alternatives better

This implied that there exists a strong and positive link between innovative strategies and competitive advantage because the firm increased its market network, improved on quality services, adopted effective strategic responses towards external and internal changes faced by the firm and experienced high customer satisfaction, increased its profitability, increased its customer base and market share. This is in agreement with the findings of Bureti (2013). According to the results, majority of the interviewees pointed out that innovative strategies positively enhance competitive advantage to a very great extent. The firm has, increased its market network enhanced quality of services compared to rivals in the industry, adopted effective strategic responses towards external and internal changes faced by the company and has experienced high customer satisfaction to a very great extent.

4.5 Discussion of the Findings

The research objective was to investigate the effects of innovation strategies on competitive advantages of Safaticom Limited on the organization's objectives. Examination of the quality of data approves that the study is a fair demonstration of innovation undertakings at Safaricom Limited. The huge majority of those interviewed were managers. Descriptive statistics pertaining to the study question points out that Safaricom Limited believes that focusing in every feature of innovation; product, process, and marketing is key. It was determined from innovation of the organization that reconditioning the quality and production systems as well as procedures were key.

These innovation undertakings deal more with technical innovation that is a key driver in explanation of enterprise efficiency and competitive edge. Enterprises that which are rated high with regards to innovation undertakings consequently tend to have a greater competitive edge relative to others. The telecommunication sector is extremely competitive not only from other companies in the sector but similarly from other from major Kenyan financial corporations. Also the innovation strategies have led to the good performance of the organization. Innovation is a significant prerequisite for enterprise's growth as well as profitability. The survival of enterprises in both public and private sector operating in progressively competitive market should have innovative undertakings as well as inventiveness. The capability to invent is regarded to be the single most key element in creating and supporting competitive edge.

Majority of the respondents said marketing was key in creating competitive edge in the organization. The study verified the part innovation plays in creating competitive edge in Safaricom Limited. It was established that the link between the proportion turnovers constituted by Safaricom Limited's innovation and three metrics of product innovation, process innovation, as well as marketing innovation in that order. The study revealed that Safaricom Limited has adopted market innovation strategies such as value creation by way of pricing, resources and competences obtainability, client satisfaction and retention, new markets entry, environmental assessment and adaptation to changes as well as determined anti-competitors marketing promotions.

These findings were consistent with the findings by Kariuki (2017) which established that all components of market innovation including customer satisfaction, employee performance and overall organization performance were significant. Market innovations provide banks the opportunity to enhance their performance through increase in market share, and product differentiation to the market.

Cost savings influences Safaricom Limited's execution of innovation undertakings. The study determines those cost saving creativities are key to innovation. They are among the essential drivers of innovation. Enterprises focused on clients are often are quick to respond to client needs, assess their satisfaction levels so as to satisfy them. Client needs facilitate product innovations which determine brand loyalty as well as credibility, creating learning curve by way of cost edge hence up surging the entry costs for copycats. The results are congruent to those of a study undertaken by Adewoye (2013) on the influence of innovation strategy on service delivery in the Nigerian telecommunication industry that established that innovative strategies lead to saving of service cost resulting in improved customer's relationship.

Process innovation strategies that have been adopted are reduction of costs, improved innovation process, and new products introduction have been adopted. Innovation is an essential element for continued success and is a central part of an enterprise. Strategy is also the path and scope of an enterprise over the long term which attain an edge in a shifting environment by aligning its resources and capabilities in order to meet the expectations of stakeholders.

New product development (NPD) is regarded as the most fundamental part of the strategy innovation process. These results are in line with those of Mathenge (2016) which established eight characteristics for successful process innovation as project execution or tactical variables. He distinguishes these from higher level strategic variables such as a corporate strategy which places innovation as a key priority. Although there could be well-organized innovation projects in firms that lacked a corporate strategy for innovation, it is better to have both. Ideally an innovation strategy should involve a long-term commitment to major projects that address company development

The findings established that Safaricom Limited has adopted product innovation strategies such as product enhancement, product range extension, product costs revision/improvement, product replacement, new product introduction and product repositioning. These findings are similarly in line with the findings of Wanyoike (2016) which established that product innovation influences competitive edge of logistic businesses in Mombasa County as an upsurge in product novelty results in a substantial increase in competitive edge. The study by Kariuki (2016) similarly established that product innovation provided commercial banks with the opportunity and ability to design products that competed effectively at the market place and thus enhancing organizations competitive edge, hence, competitive edge level variability decisions ought to consider effects of product innovation strategies at Safaricom Limited.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In the preceding section, the researcher comprehensively analyzed the data gathered from respondents in the banking industry which helped in drawing conclusion and recommendations for improvement. It is therefore important for researchers to draw sound recommendations and where possible discover innovative ideas as well as ways of enhancing services leading to customer satisfaction hence enhancing the competitive advantage since the technology moves at the speed of light and more innovative strategies are getting discovered by businesses.

This part gives a summary of the research findings, conclusion and recommendations. It similarly outlines the study limitations and suggestions for further research. The results are summarized according to the study objective which was to establish how innovative strategies result in competitive advantage at Safaricom limited.

The summary is given based on the aspects encompassed in the interview guide that were; respondents' demographic information, such as level of education and work experience at Safaricom Limited, the extent of innovative strategies and extent of competitive advantage as well as the influence of innovative strategies adopted by Safaricom Limited on their competitiveness.

5.2 Summary

The objectives of the study was to explore how the innovative strategies influence competitive advantage at Safaricom limited. The research employed a descriptive cross-sectional research design. The study was a case study as it focused on Safaricom ltd. Primary data which was majorly qualitative was utilized. Interview guides were administered to 8 representatives that constituted the population of the study drawn from each of the eight departments at Safaricom Kenya Limited Headquarters in Nairobi. That is, marketing, strategy and innovation, risk management, Enterprise Business Unit, customer operations, sales and operations and financial services. Collected data was analyzed via content analysis.

In this research, interviews were considered as most appropriate method to gather data using an interview guide. Data gathered was systematically structured in a way to help in analysis using the content analysis technique. The research determined that most of the respondents understood innovative strategies adopted in the organization. They also had the requisite work experience in the organization and educational qualification.

The findings pointed out that four key innovation strategies have been adopted, that is technology innovation, product innovation, market innovation and process innovative strategies. Technology innovation strategies that have been adopted are M-Pesa, Mobile money Transfer, as well as 4G Internet. Product innovation strategies that have been adopted are product improvement, product range extension, product costs improvement, product replacement, new product introduction and product repositioning.

Safaricom Limited has similarly fostered partnerships to offer life-changing ways out in the education, health as well as energy sectors by way of products for instance M-TIBA, M-KOPA as well as Eneza. The findings similarly ascertained that market innovative strategies that have been adopted comprise creating value by way of pricing, of resources and competences obtainability, client satisfaction and retention, new markets entry, environmental assessment as well as adaptation to transformations and determined anti-competitors marketing promotions.

Process innovation strategies that have been adopted comprise reduction of costs, enhanced innovation process, also the company strategies had employed numerous techniques to ensure products reach a number of individuals by opening numerous distribution channels. Also it was revealed that the company has introduced products that cater for the needs of all customers depending on their socio-economic status. Additionally, the company has diversified its products to meet the numerous customer needs for instance mobile money transfers as well as internet networks and much more.

Similarly, the findings ascertained that innovation strategies have resulted in the good performance of the enterprise. Innovation is a key necessity for enterprises growth as well as profitability. The survival of public as well as private sector entities operating in increasingly competitive market needs innovative practices as well as creativity. The capability to innovate has been regarded as the most distinct key factor in increasing as well as sustaining competitive advantage.

The results also indicated that the enterprise has created a distinctive place in the market by way of offering goods or services esteemed for their distinctiveness or congruent to the requirements of customers by providing more components in the products that they sell. Such offers include SIM activations and creation of favorable pricing for goods and services that every customer can enjoy.

Other strategies identified include creating awareness, introducing offers relevant to the people and products warranties to ensure quality. The results also revealed that the implementation of the lowest unit costs for product or service by the enterprise has withstood competition thus attracting and retaining customers. They also indicated that this has been a strategy to attract and retain low income customers. Additionally, they indicated that the percentage of customers retained is higher than those pulled by competitor products because of the adoption of the lowest costs achieved through affordable values to customers that enhance their satisfaction.

It was similarly determined that the company's innovative advertising usually influence people to utilize the products and services provided hence appealing to clients. This is achieved using social media platforms, internet-based kinds of adverts, bill boards and broadcasts. As a result of such advertisements customers flock the shop resulting in improvement in sales, new customer acquisition and retention. The interviewees indicated that the organization has adopted a low-cost strategy to tackle competition by ensuring that even the less fortunate get informed and are able to access the products.

They have also introduced new offers and discounts thus reducing the cost giving affordable prices. The company considers presenting goods or services at cheaper prices relative to competitors, or top-quality goods or services at similar cost. Additionally, it was ascertained that the enterprise has a work force dedicated to the low-cost strategy in order to manage competition. They stressed that teamwork is very impactful since a healthy workforce fosters an increase in sales. Such low-cost strategies include providing different offers for different ages and economic classes and open days and special offers.

The findings showed that the company has contracted out or superseded any services that they don't offer as a low-cost strategy so as to manage competition by ensuring that goods and services are affordable. For example, promotions are done by agencies and not the organization itself in order to cut costs. The organization has adopted the lowest cost production strategies such that customers are able to purchase goods.

Such strategies include teamwork, advertising, branding, and accommodation of common customers. It was similarly verified that the organization has identified a specific client segment or geographical market and introduced products appropriate for the segment. According to the results, this has been effective in tackling competition. Such strategies include accommodation of common customers. The findings indicated that the organization has pursued either cost or differentiation strategies once the segment is identified; organization focus strategy depends upon improving communications and living in the society, meeting the tastes and preferences of the customers, customer satisfaction and best service.

Also, it was revealed that some of the challenges encountered when focusing on a target segment include identification of customers, customer needs as per segment, price differentiation, country economy; large clientele and huge stock outs and difficulty in meeting all customer needs. The findings revealed also that, the organization has adopted pricing strategy to attract customers and more sales. Example of such strategies include Bonga offers. The findings indicated that the organization evaluates the cost structure of every each competitor and relate this to their prices when establishing the prices charged on products for purposes of meeting and attracting customers.

The results indicated that the organization offers distinctive or top-quality value to clients by way of product quality, features, or after-sale backing in order to tackle competition. The results also show that the firm uses give always, price reduction and revising of products and services as strategies for tackling competition. Others include advertisement, billboards, flyers, banners, and price reduction.

However, the company strategies had employed various methods to ensure products reach as many people as possible by opening numerous distribution channels. Also the company has introduced products that cater for the needs of all customers depending on their socio-economic status. Further the company has diversified its products to meet the various needs of the customer such as mobile money transfers and internet connections.

Finally, the study established that innovation strategies have led to the good performance of the organization. Innovation is a significant prerequisite for enterprise's growth as well as profitability. Survival of enterprises in increasingly competitive marketplace requires innovative practices and creativity. The capability to be innovative has been considered an essential element in creating as well as supporting competitive edge. The study noted that innovation strategies absorbed within the enterprises have the capacity to ensure successful execution of the programs to an average rate.

The study similarly noted that innovation practices has benefited the company in various aspects such as, it has improved customer catchment leading to increased market share, has improved products and customer loyalty, has led to improved quality of its products increasing the economies of scale, has promoted customer confidence and loyalty with products and that has resulted to spread of the organization in the country hence improving on the daily sales volume.

5.3 Conclusion

The study aimed at verifying innovation as a strategy of gaining competitive advantage at Safaricom Limited. According to the findings the study made the following conclusions. Concerning innovative strategies, the study determined that there are four major innovation strategies that have been adopted, that is technology innovation strategies, product innovation strategies, market innovation strategies and process innovation strategies.

Through these strategies the company had employed various methods to ensure their products reach as many people as possible by opening numerous distribution channels. Regarding the rate of absorption of innovative strategies, the study determined that there are numerous challenges emerging in the implementations process that ought to be addressed expeditiously to ensure the strategies fall within the programme duration. Furthermore, the study established that innovation strategies absorbed have the capability to guarantee a successful execution of the programs to an average rate.

Pertaining to the effect of the innovation strategies to the organization competitiveness, the study determined that innovative strategies have helped the company in a number of ways for instance, it has enhanced customer catchment resulting in enhanced market share. Similarly, the strategies have enhanced products as well as customer loyalty, enhanced quality of our products increasing the economies of scale and similarly has fostered customer confidence and loyalty with their products leading to spread of the company in the country by improving on the daily sales volume.

5.4 Recommendations and Implications of the Study

The study proposes that organizations must focus on adopting innovative strategies so as to improve organizational performance through increasing customer base, asset quality, quality of service and increased market share. The study recommends that for organizations to perform effectively; clear strategies that guide its operations ought to be articulated and procedures given to every concerned division to eliminate incident of compromise.

For enterprises to attain their objectives of effectiveness, increased market position as well as client retention, there ought to be operational strategies that satisfy the needs of clients, enterprise goals as well as environmental changes. To enhance client satisfaction and eventual competitive edge the research recommends that customers ought to be dealt with well as they are essential in enterprise's continued existence, therefore strategies established ought to be focused on quality of service.

Strategies embraced by an enterprise ought to be adaptive to changes in the external environment and should be continually evaluated through frequent competitor analysis, SWOT analysis, stakeholder opinion polls and ensuring adherence to corporate governance practices if competitive advantage is to be continually enhanced.

The study similarly recommends that managers be on the look for any possible factor that has an implication on the operations of the enterprise and appropriately respond. Also, the management ought to come up with the strategy as well as stipulate the aim of innovation in the enterprise, determine how to adopt technology and facilitate performance enhancements by way of utilization of suitable performance indicators.

The innovation strategy ought to outline how the significance of novelty will be conveyed to staff to gain their buy-in and ought to clearly replicate the significance that management places on innovation. The research similarly suggests that the enterprise ought to make sure that they adopt the new knowledge so as to contend with the swiftly evolving know-how.

Novelty fosters ease of information flow as well as fast delivery to the expected individuals. For effective implementation innovation strategies, dependable infrastructure, sufficient finances ought to be in place and the staff ought to be given sufficient understanding of the new technology by way of continuous training so as to reduce new technology resistance.

Lastly, the study recommends that the enterprises ought to seek out product range extension, product replacement, product improvement, product repositioning as well as new product introduction that will increase productivity, and fast growth faster, invest more as well as earn more profit. The product improvement strategies could be successfully implemented if quality systems, good information flow, specialization are in place and if the management wholly backs the competitive strategies. The strength of product novelty in enabling enterprises to retain as well as enhance competitive position is indisputable.

5.5 Limitations of the Study

The study's limitations included limited time set aside for the research and the limited scope of study. It would have been interesting to research on innovative strategies practices adopted by other industry players and their impact on performance. Securing interview guide responses was a challenge due to the senior managers' busy schedules. The findings of the research covered only Safaricom Limited in Kenya. Kenya has other firms in the telecommunication sector for instance Telkom, Airtel among others.

It is not possible to tell from this study whether the same findings would apply to all these other telecommunication firms. Further, the research has not dealt with telecommunication firms outside Kenya, for instance in the East African Community to ascertain whether the findings could still hold.

To counter manager's busy schedules and the limited stipulated time to carry out the research, appointments had to be sought and scheduled, sometimes outside the official working hours. The respondents interviewed were unwilling to provide some material being afraid of intimidation by the information sought or publish a bad image of the institution. The researcher tackled this issue by introducing an introduction letter from the university and assuring them that the material they would give would be treated off the record and it was to be used simply for academic reasons.

A number of organizations have policies within their departments to maintain high level of confidentiality and privacy. The staff therefore may be reluctant and unwilling to give all the required information. This limitation will be addressed by providing an authorization letter from the Kenya Institute of Management (KIM) assuring them that the material needed will be purely for academic purpose.

Some respondents could be uncooperative and some of them could provide irrelevant information and even opt to leave some of the research questions unanswered thinking that the study will be of no help to them. To overcome this challenge, the researcher will engage the respondents and explain to them the importance of the research, hence creating a good rapport with which the respondents could give the required information.

5.6 Suggestions for Further Research

The study suggests further survey on study Innovative strategies and performance at Safaricom limited in later years to track the effectiveness of such strategies into the long run. This research should be replicated in other industries in order to establish whether there is consistency on innovative strategies and business competitiveness. The study will supplement the findings of this study by providing information on the strength and weaknesses experienced in other sectors.

This study focused attention on the adoption of innovative strategies by Safaricom Limited. As a result of the increasing competition, more researches ought to be undertaken to establish if the products Safaricom is offering will be sustainable in the future. The study similarly recommended that a study to be undertaken on the effect of innovation strategies to the organization performance concentrating to various sectors other than telecommunication sector so as to give dependable information that depicts actual state of affairs in all sectors.

Additionally, further studies ought to be undertaken to determine the factors that influence the performance of Safaricom Limited. This is in relation to identifying other external influences over which they have little control and how they impact on Safaricom competitive advantage. Further research to be done on the factors affecting innovative strategies and impact of innovative strategies on organization performance by laying focus on various sectors other than Safaricom limited so as to depict consistent information that demonstrates actual state of affairs in across all sectors.

There was also a limitation of this study which include a similar study whose objective would be to reaffirm these findings. Further research could also be done to determine other factors that result in competitive advantage for Safaricom Limited. Which can include the similar variables or more variables be added. This can be used to come up with more solid confirmation or reduction of error term.

5.6 Implications of the Study

Going digital offers great prospects, and demands different organizational paradigms and frameworks beyond simply the contact center, it is an organization-wide transformation of procedures. Whereas the marketing manager will be eager to get personalized data by means of smartphone applications in order for the campaigns and advertising to become more effective, and to apprehend the configurations of movement in the store from phone GPS systems. IT will have to deliberate on developing the technology platforms to facilitate future client journeys and anticipations, comprising the applications as well as data management, and make sure that every innovation provides the enterprise with certain competitive edge.

Human resources change, with training, development and employing managers having to obtain and enhance various skillsets because the relations with clients change. During the process of innovations, the companies usually encounter huge cost implications in their R&D, of new products, existing products. Therefore enterprises ought to, be cautious when seeking who to collaborate with.

In process innovation, enterprises have greater success working with upstream than downstream partnership. This is because the key goal of process innovation is to enhance efficiency. Upstream partners are aware of enterprise's internal processes than downstream partners. These processes include the flow and quality of its input, or places and the manner to make the changes in the enterprise to lower costs and enhance quality. Working with partners enhance the knowledge chain. Institution of higher education and suppliers, are more beneficial than those downstream i.e. consumers and competitors.

Companies can seek the assistance of external experts when expanding their enterprises to unchartered regions, however as a result of the sensitivity of R&D, the process could possibly turn out to be complicated. Another implication is that innovation is usually centralized for on functional group. In a number of enterprises, innovation solely lies with one functional group, for instance R&D or product development. The belief being that a single functional group is more appropriate to innovate than others is a severe deterrent to the speed of novelty; every division gives a distinctive viewpoint on the problems of clients which could be key for compelling effective innovation.

Another implication that comes with innovation strategies is its incorrect measurement. Evaluating and benchmarking innovation is key to continuously refining its realization. Though, conventional KPIs, for instance sales volume or returns, could perhaps not give the enterprise the ideal understanding into success.

Rather, evaluation ought to embroil the extent of new concepts created, proportion of time taken on innovation, or the value of investment of innovation-linked programs. Innovation is key program for facilitating success in the enterprises long-term. When launching innovation programs, it is essential to bear in mind and prepare for these challenges. Developing a robust innovation culture in an enterprise does not solely aid to evade these challenges, but similarly to make sure that innovation is a strategic focus for each staff.

Another implication is that innovations usually entail certain risks for the enterprise. An enterprise that seeks new ways, processes and types of enterprise is faced often with the risk to land in a stalemate. Another implication of a “we are innovators”-approach is the need to evaluate strategy more frequently; therefore structural adjustments related to strategy could as well occur more often.

An enterprise has to think through further usual implications: It is likely that a new business model (for adding value) is not able to build a competitive edge for instance as a result of poor timing. Ultimately the new business model has to be dumped after the analysis phase. Also, an economically robust follower imitates the innovation and makes it become the industry standard. Hence, the innovation turn out to be the “standard solution” for each enterprise in the industry and erodes its innovation status. This will put an end the competitive edge for the pioneer.

Another implication of this study is that innovation strategies can come with misunderstanding of the market. The new product is outstanding with regards to technical provisions. In spite of these attributes no customer can willing to pay for them, as their expensive relative to their anticipated benefits for instance over engineered product. Another alternative is that customers might have a slight dissimilar behavior than anticipated for instance they may not agree to take the enterprise's pricing policy, and become less loyal.

The findings of this study will have an implication to policy making in the telecommunication industry in Kenya by helping them appreciate the role of innovation in the industry. The findings of this study are of great significant since they may have the ability of being utilized to formulate positive national telecommunication policies which are pertinent and insightful to the factors influencing the telecommunication industry in Kenya. The results of this study also will enable government and regulatory agencies formulate and implement suitable regulatory mechanisms. In addition to the above, the findings of this study will be valuable to stakeholders, financiers, as well as investors in planning.

To academicians and researchers, the study provides a source of reference for researchers interested in related topics. It also assists other academicians who wish to study the salient features of innovation and competitive advantage. Potential scholars in the business fields will find this study useful in providing data and information about the telecommunication sector in Kenya.

The findings may also be of critical importance to those who have got interest of further studying the research topic by identifying possible research areas and gaps. To other telecommunication Firms the results from the research could mainly have an implication on knowledge to existing and future telecommunication firms on the role of innovation on competitive edge in the telecommunication industry in Kenya and provide them with basis for leveraging their innovation, research and development activities.

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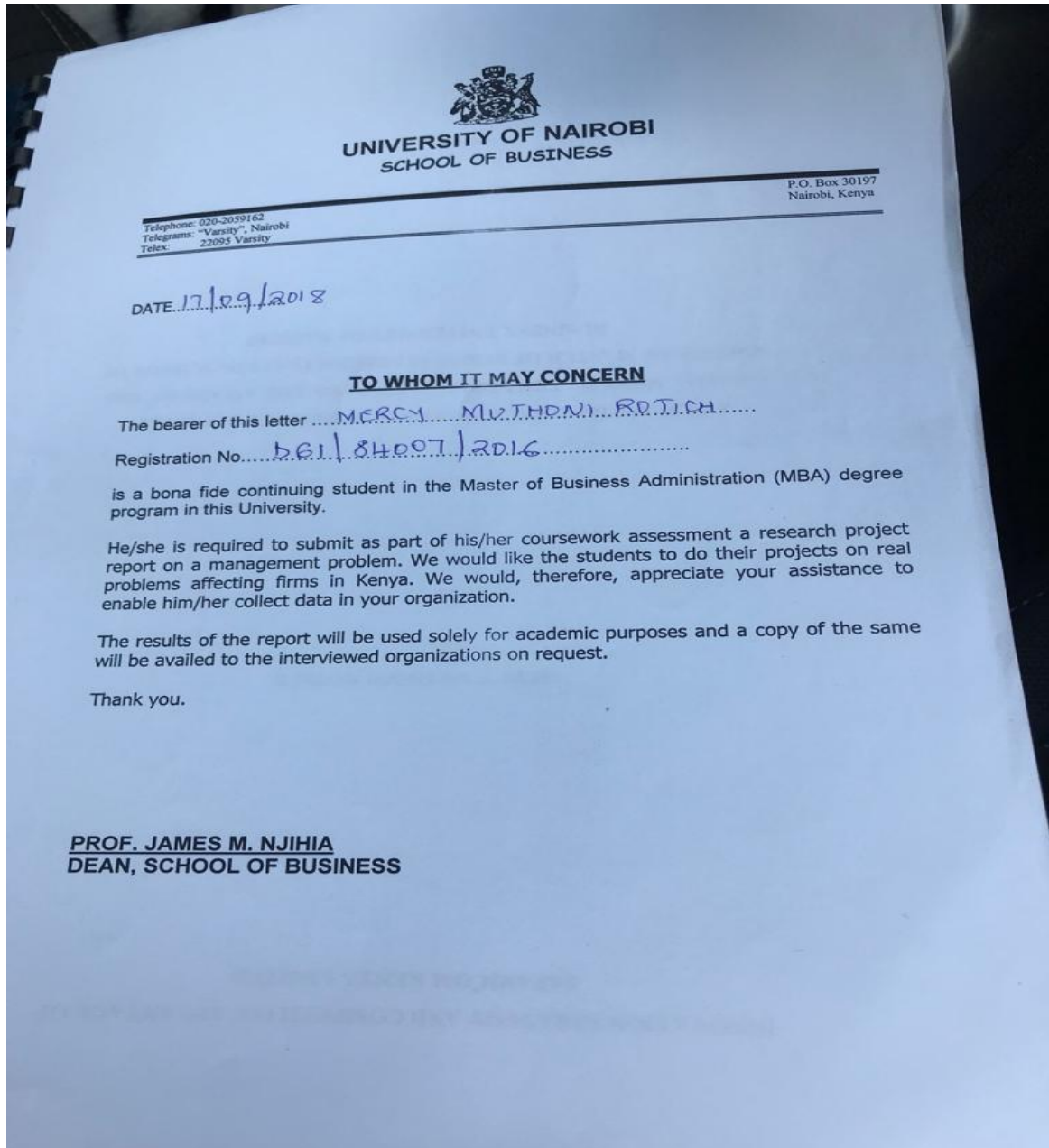
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APPENDICES

APPENDIX I: Letter of Introduction



APPENDIX II: Interview Guide

- 1) What is your highest level of education?
- 2) How long have you been in your current position?
- 3) Does your company adopt differentiation strategy to tackle competition?
- 4) Does your company focus its efforts in providing a unique product or service in order to differentiate itself with other companies?
- 5) Does the creation of unique product or service give the company an opportunity to charge a premium price to capture market share?
- 6) How does the company create a unique position in the market through provision of goods or services that are valued for their uniqueness or fit to the needs of customers?
- 7) Has the adoption of the lowest product or service unit costs by the company withstood competition thus attracting and retaining customers?
- 8) Does the company innovative advertising persuade the public to use the facilities and products being offered thus attracting customers?
- 9) Does your company adopt a low cost strategy to tackle competition?
- 10) Does your company focus on providing goods or services at a lower cost than the competitors, or superior goods or services at an equal cost in order to tackle competition?
- 11) Does the company have a work force committed to the low-cost strategy aimed at tackling-competition? Elaborate.
- 12) Has the company outsourced or discontinued any services which they do not have

- a low cost strategy in order to tackle competition?
- 13) How has the adoption of the lowest product or service unit costs by the company withstood competition?
 - 14) Does your company identify a particular customer segment or geographical market and come up with products suitable for the segment? Does it tackle competition?
 - 15) Does your company pursue either cost or differentiation strategies once the segment is identified?
 - 16) What does the organization focus strategy depend upon in your company?
 - 17) What are the challenges you have encountered when focusing on a target segment?
 - 18) Does your company adopt pricing strategy to attract customers?
 - 19) Do you assess each competitor's cost structure and relate this to their prices when setting the prices to charge on your products?
 - 20) Do you provide unique or superior value to the customer through product quality, features, or after-sale support in order to tackle competition?
 - 21) What other strategies have you adopting for tackling competition?