

STRATEGIC RESPONSES ADOPTED BY AIRTEL KENYA TO COMPETITION

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REG NO:

D61/P/7044/2003

**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILMENT OF THE REQUIREMENTS OF A DEGREE IN MASTER OF
BUSINESS ADMINISTRATION TO THE SCHOOL OF BUSINESS,
UNIVERSITY OF NAIROBI**

SEPTEMBER, 2011

DECLARATION

STUDENT'S DECLARATION

I declare that this project is my original work and has never been submitted for a degree in any other university or college for examination/academic purposes.

Signature:

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SUPERVISOR'S DECLARATION

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

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DEDICATION

I dedicate this work to my family and all those who supported me in the completion of this project.

ACKNOWLEDGEMENTS

I take this opportunity to give thanks to the Almighty God for seeing me through the completion of this project.

The work of carrying out this investigation needed adequate preparation and therefore called for collective responsibility of many personalities. The production of this research document has been made possible by invaluable support of many people. While it is not possible to name all of them, recognition has been given to a few. I am greatly indebted to my supervisor for his professional guidance, advice and unlimited patience in reading through my drafts and suggesting workable alternatives, my profound appreciation to you.

The entire staff of Airtel Kenya Limited cannot pass without my special acknowledgement for taking time off their busy schedule to provide me with all the information I needed in the course of the research. Without their immense cooperation I would not have reached this far.

I would also wish to extend my sincere gratitude to all the MBA students, staff, lecturers and the entire University of Nairobi fraternity for changing me from what I was to what I am.

Thank you all. May the Almighty God bless you abundantly.

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ABSTRACT

Strategic response is a reaction to what is happening in the economic environment of organizations. Porter (1998) views operational responses as part of a planning process that coordinates operational goals with those of the larger organization. With the increasing competition that companies are facing today, rewards will accrue to those who can read precisely what consumers want by continuously scanning the environment and delivering the greatest value to customers with the view that as the operating environment changes, a more pronounced transformation of the business landscape lies ahead. Since the turn of the millennium, the general business environment has become more volatile, unpredictable and very competitive. Coping with the increasingly competitive environment has called on firms to rethink their marketing strategies.

The study sought to establish the strategic responses adopted by Airtel Kenya to competition. This was a case study. The researcher used both primary and secondary data. Primary data was collected using in depth interview guide while secondary data was collected by use of desk search techniques from published reports and other documents. The interviewees of this study were the heads of departments. A content analysis was employed.

From the study findings, the researcher concludes that the main challenges faced by Airtel due to competition are price wars in the telecommunication industry especially from the main player Safaricom. The study further concludes that the strategic response integration processes are mainly technology based and the company's preparedness compare with other companies within the telecommunication industry that the company is better prepared of any eventuality. The study also deduced that line managers implements the strategic responses within the department which are reviewed or amended on a monthly basis. The study recommends that Airtel should engage in more cost reduction as a response to its competitors' strategies. Besides providing its services and products at lower cost (cost advantage), Airtel should deliver benefits that exceed those of competing products (differentiation advantage) to gain a competitive advantage over other firms.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Organizations exist in a complex commercial, economic, legal, demographic, technological, political, cultural and social environment. This environment is not static but is under constant change which affects the organizations that operates within it. Firms have enhanced their organizational performance through restructuring, reengineering, quality programs, building alliances, mergers and acquisitions, strategic redirection, downsizing and culture change. Some of these organizations have undertaken their transformation efforts quite successfully (Hill and Jones, 2001). Others have experienced disappointing results with new strategies not well implemented, acquisitions that have not achieved expected synergies, reengineering and downsizing that have largely failed and quality programs that have not delivered the hope for results (Davenport, 2000).

1.1.1 The Concept of Strategic Responses

Strategy refers to the machinery of the resources and activities of an organization to the environment in which it operates (Johnson and Scholes 2002). Pearce and Robinson (1997) defined strategic responses as the set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm's objectives. According to Ansoff and McDonnell (1990), it is through strategic management that a firm will be able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment. He further argues that this can be done by firstly, positioning of the firm through strategy and capability planning in its rightful competitiveness, and secondly, use of real time response through issue management and thirdly, systematic management of resistance during strategic implementation. Strategic responses are concerned with decisions and actions meant to achieve business objectives and purpose, it answers the question on where does an organization want to go, where it is now and how to get to where it wants to go (Denis, Lamothe and Langley, 2001).

The survival and success of an organization occurs when the organization creates and maintains a match between its strategy and the environment and also between its internal

capability and its strategy (Grant, 2002). Strategic response is the reaction of a firm or an organisation to environmental changes/turbulence. According to Pearce and Robinson (2005) it is through strategic responses that a firm is able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment.

1.1.2 Competition

Some of the main reasons why markets change rapidly are that customers develop new needs and wants, new competitors enter a market, new technologies developing meaning that new products can be made, a world or countrywide event happening e.g. war, and government introducing new legislation e.g. increases minimum wage. Strategy scholars have found that operating in a global industry context is an important element in determining the organizational environmental fit (Hambrick and Lei, 1985). For domestic firms facing global competition, industry position imposes an additional competitive challenge that differs from purely domestic competition (Ghoshal, 1987). According to the resource-based theory, the competitive advantage of a firm draws on its internal resources and competences (Mahoney and Pandian, 1992).

Porter (1985) argues that superior performance can be achieved in a competitive industry through the pursuit of a generic strategy, which he defines as the development of an overall cost leadership, differentiation, or focus approach to industry competition which is among the strategic responses that a firm can adopt. If a firm does not pursue one of these strategy types, it will be stuck-in-the-middle and will experience lower performance when compared to firms that pursue a generic strategy (Porter, 1991).

Firms therefore focus on gaining competitive advantage to enable them respond to, and compete effectively in the market. By identifying their core competences, firms are able to concentrate on areas that give them a lead over competitors, and provide a competitive advantage, according to Johnson and Scholes (1997), core competences are more robust and difficult to imitate because they relate to the management of linkages within the organizations value chain and to linkages into the supply and distribution chains. Firms respond to competition in different ways. Some may opt to product improvement,

divestiture, and diversification, entry into new markets or even merging or buying out competitors.

Intense global competition has forced many firms to examine their core business processes and to devise plans to respond to an increasingly competitive market place. Several factors have come together to cause this increase in competition. These forces have forced many companies to critically assess their key competencies and to develop strategies to compete effectively in a global economy. At the forefront of these efforts have been attempts to improve flexibility and quality, stimulate innovation, and reduce lead times, while simultaneously keeping costs down. The telecommunication industry environment in Kenya has been affected adversely by the changing operating environment calling for adoption of strategic responses to enhance a competitive edge in the markets

1.1.3 Competition and Strategic Responses

Underlying responses to global competition has been the recognition of the role of service and process improvement in business strategy. Throughout the 1990s, firms examined and, in many cases, changed their quality focus. Instead of relying on inspecting quality into services, they emphasized improving service and process design, implementing process control, and continually improving processes (Burns, 1961). Total quality management became a major element in corporate strategy (Calingo, 1989). Indeed significant numbers of large firms adopted quality programs during the 1990s (Cvar, 1984) though with mixed results.

According to Porter (1985), a firm can gain competitive advantage if it is able to create value for its buyers, and, competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. If a firm wishes to pursue the strategy of cost leadership, it has to be the low cost producer in its industry. A firm may gain cost advantage through economies of scale, proprietary technology, cheap raw material, etc. The strategy of differentiation can be used by offering a different service, a different delivery system, a different marketing approach, or by emphasizing different functional areas within the firm. Firms can also rely on process innovations and take advantage of the experience curve phenomenon to improve

service quality, Gale & Klavans(1985). Competitive advantage can be gained through a number of ways and it is up to the management of the company to decide which factors it wants to emphasize (Porter 1985).

1.1.3 Airtel Kenya Limited

Airtel is the World's fifth largest mobile operator with 180 million customers. Airtel brand replaced Zain in October 2010. Airtel is currently number 1 in 10 countries in Africa, and there are, on an average 2-3 telecom operators in a country. In the continent, Airtel is number 2 after MTN, and covers a population of 450 million. Earlier on, a price war had characterized Kenya's mobile communications market in 2008 to date, following the market entry of the third and fourth network, Econet Wireless Kenya (EWK, in which India's Essar acquired a stake), and Telkom Kenya under the Orange brand with its new majority shareholder, France Telecom. Subscriber growth is now forecast to slow over the coming years, and rapidly falling ARPU levels had driven one of the incumbents, Airtel, deeper into negative earnings, leaving only the market leader, Safaricom, with a net profit, although reduced (<http://africa.airtel.com/kenya/>).

In August 2010, Airtel Kenya trail blazed the local mobile phones tariff scene with a pioneering reduction by more than 50% of its call rates to Kshs.3 across all networks for both its prepaid and post-paid customers. The move by Airtel Kenya validated a pledge made by Bharti Airtel CEO (International) and Joint Managing Director Manoj Kohli, promising to provide more affordable services while deepening the firm's network coverage to include the rural population and enhancing the digital experience through 3G across the continent through year 2010. The company is keen to end its early association with the more moneyed corporate class. That history has been its Achilles heel for far too long. But now, with an aggressive owner in charge, the firm is placing all its cards on the table.

Airtel Kenya Ltd operates as a mobile phone operator in Kenya. It offers various services, including prepaid plans, international roaming, local and international text messages, Internet access, directory enquires, voice mail, and SMS information, as well as offers standard parts of mobile phone plans. Airtel Kenya Ltd was formerly known as as Zain

Kenya Limited and changed its name in 2010. The company was founded in 2000 and is based in Nairobi, Kenya. As of May 26, 2004, Airtel Kenya Ltd operates as a subsidiary of Celtel International B.V. (<http://africa.airtel.com/kenya/>).

Barely six months after slashing calling rates by 50 per cent to Sh3 in August last year and boasting significant increase in subscribers and calls volume (traffic), the company reduced rates by a further 17 per cent. Airtel Kenya has become a victim of its own success after it further lowered calling rates to Sh1 for its subscribers. Airtel Kenya, rebranded from Zain Kenya after Bharti's \$9 billion acquisition of most of Zain's African assets. Over the past six months, Airtel added 2 million customers, bringing the total to 6 million, as minute usage tripled. Airtel Africa is owned by Bharti Airtel Limited, a leading global telecommunications company with operations across Asia and Africa. The company currently has over 205 million customers in total – with over 42 million in its African operations which span 16 countries (<http://africa.airtel.com/kenya/>).

1.2 Statement of the Problem

Strategic response is a reaction to what is happening in the economic environment of organizations. Porter (1998) views operational responses as part of a planning process that coordinates operational goals with those of the larger organization. With the increasing competition that companies are facing today, rewards will accrue to those who can read precisely what consumers want by continuously scanning the environment and delivering the greatest value to customers with the view that as the operating environment changes, a more pronounced transformation of the business landscape lies ahead (Ansoff, 1990). Therefore, strategy is vital to the adaptation of the changing business environment. According to Mose (2007) implementation of structural adjustment programme and subsequent market liberalization opened the Kenyan market, leaving businesses at the mercy of market forces.

Since the turn of the millennium, the general business environment has become more volatile, unpredictable and very competitive. Coping with the increasingly competitive environment has called on firms to rethink their marketing strategies (Pearce and Robinson, 2005). A firm's competitive environment comprises of the following set of

factors; threat of new entrants, suppliers, buyers, product substitutes and the intensity of rivalry among competitors that directly influences a firm and its competitive actions and responses. In total, the interactions among these five factors determine an industry's profit potential. Coping with the increasingly competitive environment has called on firms to rethink their marketing strategies (Pearce and Robinson, 2005). They adopt strategies such as improved customer services, credit facility, post-paid cards and provision of convenience goods and services. Rapid technological change has created a new business environment where innovation has become a top competitive strategy (Lowes and Saunderson 1994).

Locally, Sheikh (2000) conducted a study on strategic response by insurance companies following liberalization and concluded that the companies in the industry consider strategic plans to be important. Kandie (2001) studied the strategic response of Telkom Kenya in a competitive environment and found that financial constraints and lack of managerial empowerment has limited the capability to respond to the environmental changes. Isaboke (2001) investigated the responses of the oil companies in Kenya to the threats of the new entrants. Response included a combination of generic strategies and lobbying for a level playing ground. Kombo (1997) found that as a result of the ongoing economic reforms, firms in the motor industry adjusted their variables substantially so as to survive in a competitive environment. Further, Muchui (2006) did a study on the challenges of managing change after transition of ownership in the case of Celtel but did not cover its strategic responses to competition.

The firms in this industry introduced new technologies of product development, differentiated their products, segmented and targeted their customers more and improved customer services. This study therefore investigated the strategic responses adopted by Airtel to competition in the Kenyan telecommunication industry. This study sought to answer the question: what are the strategic responses adopted by Airtel Kenya Limited towards competition?

1.3 Objectives of the Study

The study sought to establish the Airtel strategic response adopted by Airtel Kenya to competition.

1.4 Importance of the Study

The results contribute to a better understanding on how quality can be effectively employed as a base for realizing competitive strategy. In particular, the positive interaction between differentiation and cost leadership in predicting quality performance suggests the synergy between the two as well as supporting the cumulative view of competitive strategies. The managers of Airtel Ltd will gain a deeper understanding of the company's operating environment from this study; this will assist in making progress on management issues and their solutions. It would help to sensitize the management on the importance of strategic response and raise their awareness of the concept. Other companies would gain from the documentation and analysis of the response strategies and this would help them evaluate their current strategy and plan for the future. Policy makers would benefit from the issues and insights raised in the study that are important in developing strategic response framework. The study would add to the existing body of knowledge on the concept of strategic response to benefit academicians and aid further research on the concept. It would form a fundamental base upon which further researches into the field would be based as it would act as both reading and secondary source material in such cases.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the related literature on the subject under study presented by various researchers, scholars, analysts and authors. The materials are drawn from several sources which are closely related to the theme and the objectives of the study.

2.2 Strategic Responses

Strategic responses are concerned with decisions and actions meant to achieve business objectives and purpose. Three areas of a company strategy are important in identifying the responses of a firm to its environmental challenges. These include objective setting, the vision and mission of the company, competitive strategy where after considerations of the firm's competitive strengths and weaknesses vis-à-vis competition and customer needs, the company establishes a position of competitive advantage (Lowes et. al., 1994).

Ansoff and McDonnell (1990) noted that strategic responses involve changes in the firm's strategic behaviours to assure success in transforming future environment. Pearce and Robinson (1997) defined strategic responses as the set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm's objectives. Therefore it is a reaction to what is happening in the environment of organizations. Porter (1998), views operational responses as part of a planning process that coordinates operational goals with those of the larger organization. Hence operational issues are mostly concerned with certain broad policies and policies for utilizing the resources of a firm to the best support of its long term competitive strategy.

Pearce and Robinson (2005), says that there is need to adopt new strategies that match the challenges from the environment. Reengineering, downsizing, self-management and outsourcing are some of the dominant strategies that have been used for restructuring in the 1990's. Ansoff and McDonnell (1990) asserts that the management system used by a firm is a determining component of the firm's responsiveness to environment changes

because it determines the way that management perceives the environment, diagnosis their impact on the firm, decides what to do and implements the decisions.

Burnes (1998) asserts that the concern in real time responses is to minimize the sum to total losses and restore profitability to ensure organization's success in a turbulent and surprising environment. He also observed that unstable and unpredictable conditions in which organizations have to operate today means that the ability to think strategically and manage strategic change successfully is key competitive strength for a sustainable competitive advantage. Real time strategic issue responses are necessary to facilitate the firm's preparedness in handling the impending issue, which may have profound impact on the firm.

Hill and Jones (2001), states that by planning, an organization is able to identify the problems and plan how to solve them by using appropriate strategies. In the strategic decision making process of organizations, there are three levels of strategy under the strategic responses: - that is, corporate –level strategy, Business –level strategy, and operational – level strategy.

2.2.1 Competition

Competition is one of the major challenges affecting performance of telecommunication companies in Kenya. The effects of competition can be measured in terms of number of competitors, the labour force and market size. It is evident that organizations mainly compete for the subscription from the working class like motor vehicle, domestic package and personal accident and the business risks from the property owners. They also face stiff competition from other companies which normally have competitive advantage over them as they can even finance premiums for their clients or they have negotiated better credit terms with underwriters. The environment in which organizations operate is constantly changing with different factors influencing the organizations. Since the turn of the millennium, the general business environment has become more volatile, unpredictable and very competitive. Coping with the increasingly competitive environment has called on firms to rethink their marketing strategies (Pearce and Robinson, 2005). The days when firms could simply wait for clients to beat a path to their

door are long gone. Organizations must realize that their services and products, regardless of how good they are, simply do not sell themselves (Kotler, 2000).

An organization can shift production from one base to another, in order to take advantage of the foreign exchange rate fluctuations and access the best factors of production (Porter, 1990). Similarly, the competitive flexibility of an organization arises from its ability to coordinate its global competitive moves. This helps the organization to have a large number of competitive points and a bigger strategic space to build appropriate offensive and defensive moves that may often include counter-parry, cross-subsidization and sequential competitive entries. A strategy is usually a dynamic strategy-making process and involves a complex pattern of actions and reactions. It can also be partially planned and partially unplanned.

2.2.2 Porters Five Competitive Forces Model

Porter's model of Five Competitive Forces allows a systematic and structured analysis of market structure and competitive situation. The model can be applied to particular companies, market segments, industries or regions. Therefore, it is necessary to determine the scope of the market to be analyzed in a first step. Following, all relevant forces for this market are identified and analyzed. Hence, it is not necessary to analyze all elements of all competitive forces with the same depth.

The model can be used to gain insight into competitive dynamics in an industry. It offers a richer view of the competition by capitalizing on the inter-relationship of five powerful and dynamic forces. Aosa (1992) found that for the competitive strategy model to be applicable in Kenya, it required the inclusion of additional forces, mainly government, power-play and logistics. Porter (1980) argues that the intensity of competition in an industry is rooted in its underlying economic structure and goes well beyond the behaviour of current competitors.

Although many firms pursuing cost and differentiation simultaneously may become stuck in the middle, there is clear evidence to suggest that at least some firms have been successful in achieving superior economic performance by pursuing both advantages.

It is commonly suggested that information strategy planning must not be isolated from strategic business thinking (Davenport, 2000). Rather, information strategy has to be mutually aligned with business strategy. On the one hand, business strategy places requirements on the information strategy. On the other hand, information technology may enable new ways of doing business which must be considered in the information strategy. Thus, a thorough analysis of the organization's business strategy is necessary. Most authors claim that it is not sufficient to only know the business strategy (Rockar, 2004). Instead, they call for an in-depth understanding of the assumptions (internal strengths and weaknesses, external chances and risks, in particular) underlying the proposed business strategy. Good background information on critical success factors, environmental challenges, resulting opportunities and threats as well as internal strengths and weaknesses are necessary to assess the possible effects of alternative information strategies on the overall business strategy (Rockar, 2004).

2.3 Challenges of Competition

The general environment is composed of elements in the broader society that influence an industry and the firms within it. Firms cannot directly control the general environment's segments and elements. Accordingly, successful companies gather the types and amounts of data and information that are required to understand each segment and its implications so that appropriate strategies can be selected and used (Porter, 1985). The competitive environment is largely uncontrollable and very wide in scope. This is significant to an organization because changes brought by the external environment are uncontrollable and require to be responded to otherwise the organization will experience a strategic misfit and success will be difficult. The success of every organization is therefore determined by its responsiveness to the environment ().

To be able to retain competitive advantage, organizations need to examine their environment both external and internal and respond accordingly (Porter, 1985). There are various challenges of competition facing the firms in the telecommunication industry in Kenya. These challenges include price wars, new entries, complexity of interaction cycles and market concentration. To enhance competitiveness in the telecommunication

industry, firms in this industry need to adopt some strategic responses to counter the challenges.

2.3.1 Market Concentration

Bargaining theorists broadly define bargaining power as the capacity of a party to produce an output (e.g. a favorable price settlement) on its own terms. The focal party's bargaining power vis-à-vis an opponent increases as the opponent's costs of disagreement increases or its costs of agreement decreases. Therefore, the focal firm's bargaining power represents all kinds of effective forces behind the bargaining process that induce the opponents to agree on the party's terms. In the center of the concept of bargaining power lies the capabilities (or resources) of a bargaining party to punish or sanction others. These capabilities are in the form of the resources that can either damage others (offensive capabilities) or enable the focal party to block any damage attempted by the opponent (defensive capabilities). In this study, we use market power and market concentration as a proxy for bargaining power, largely because market power is easy to measure and bargaining power is not (Chamberlain and Kuhn, 1965; Bacharach and Lawler, 1981).

Therefore, when market power is more or less evenly distributed, all the moves taken by a party tend to be followed by counter attacks of the same or greater magnitude by opponents (Porter, 1980). When the market power is evenly distributed among the firms, "self-enhancement biases" are likely to occur. Each party tends to overestimate its own control over its behavior and to de-emphasize the role of others' influence in the bargaining process since each prefers to view itself as independent and self-reliant (Bacharach and Lawler, 1981; Dahl, 1957). In other words, when market power is symmetrically distributed, each party tends to ignore the other's influence in the competitive process. Therefore, symmetric distribution of market power is likely to produce "band-wagon effects" (Porter, 1980) or divergent modes in general.

2.3.2 Complexity of Interaction Cycles

The degree of complexity of the focal cycle is also an important factor that determines the modes of interactions. The complexity of a cycle is associated with the number of dimensions by which a cycle is characterized (Galbraith and Nathanson, 1978; Vancil, 1976). The complexity of a cycle increases as the participants introduce multiple types of actions and responses into the cycle, each of which may intend to produce different effects. In this case, the reactions of each actor become complicated and the interaction effects among different types of actions may not always be predictable. For example, if a cycle is characterized as a simple price-cut, the intended effects may be readily computable and the participants' response space may be easily identifiable. However, a market expansion along with introductory price-cuts and capacity expansion may require a complicated set of responses on the part of responders if the incumbent firms (primary responders) are to respond at all. The complexity of a cycle may also be high when there are multiple actors in the cycle. As multiple actors participate in a cycle of interactions, the participants' reaction functions become complex because each actor could predict other responders' previous moves and possible reactions to the actor's move before committing any action.

In a competitive interaction, a firm's ability to make clear its intention to the market is important in order to convince its competitors that it is ready to proceed with its announced plans. Communication ability of a firm may be composed of the intelligence sensory system of firms (Chakravarthy, 1982), information processing capacity of firms (Smith, et al., 1991; Galbraith and Nathanson, 1978), and information transfer capability of firms (Porter, 1980). If a firm can make clear its intention for competitive moves to other competitors, it risks responder overreaction. On the other hand, when the true intention of the focal firm is not clearly conveyed, unwanted interaction outcomes may result. Therefore, in a cycle of competitive interactions, effective communication among the interacting parties is important. For example, active use of communication media is typical in capacity expansion races in a market to make clear the initiator's commitment. In fact, typical strategic moves (such as capacity expansion) are accompanied by a series

of tactical moves and bluffing such as threat of further expansion and price-cuts (Porter, 1980; Fruhan, 1983).

2.3.3 New Entries

New entries into the industry during an interaction cycle are problematic, since they might change the industry competitive structure as well as the rules of competition in the industry completely. The competitive signals of the new entrants are often misread and the industry norms and rules that are endorsed by the incumbents after going through the stages of cooperative or competitive interactions may be effectively nullified (Harrigan, 1985). Moreover, as a new entrant takes a series of moves in order to secure a strong foothold in the market, it may become the epicenter of market turmoil. This is precisely why incumbent firms react to new entrants' moves much more severely than the moves taken by other incumbent firms. Often, incumbent firms are willing to accept significant short-term reductions in profitability to prevent the entrant from establishing itself (Yip, 1982). Therefore, the occurrence of new entries often brings about total warfare, at least in the short run. This is especially true if the new entrant appears to possess a strong resource base that can be committed to the industry. For example, the entry of H.J. Heinz into the corn wet milling industry in 1975 triggered the second round of a capacity expansion race, accelerating the divergent expansion competition at the expense of all the participants. By 1980, Heinz appeared to be a major player in the industry, changing the competitive structure completely (Harrigan et al., 1983).

2.4 Strategic Responses to Competition

Strategic responses are concerned with decisions and actions meant to achieve business objectives and purpose. Strategic responses imply that the entity has the ability to change according to its needs. Survival and success of an organization occurs when the organization creates and maintains a match between its strategy and the environment and also between its internal capability and its strategy (Grant, 2002). Strategic responses require organizations to change their strategy to match the environment and also to redesign their internal capability to match this strategy. If an organization's strategy is not matched to its environment, then a strategy gap arises.

The fast growing mobile phone network services provider made history by leading the way by lowering its SMS charges to Kshs.1 across networks five months ahead of Communications Commission of Kenya (CCK) plea for mobile phone networks to lower the SMS charges. These among other challenges demand that the Company adopt some strategic responses to counter these challenges.

2.4.1 Planned Strategies

Planned strategies roots are in the arena of large-scale business operations and it can be defined as the fit between an organisation and its environment. It is about winning (Grant, 1998) and helps by giving coherence and direction to both individuals and organizations by specifying the resources that are required to achieve an objective. Johnson and Scholes (2002) point out that planned strategy is the direction and scope of an organization over the long term which achieves advantage for the organisation through its configuration of resources within a changing environment to meet the needs of markets and to fulfill stakeholders' expectations. Strategic planning is thus the process adopted in identifying a strategy that best matches organizational capability with the environment. Strategic planning will enable an organization to identify the prevailing environmental opportunities and threats, and also to figure out or estimate the organization's resource capabilities taking into account the strengths and weaknesses of its resources so as to align itself accordingly to battle with the environmental challenges.

The planned strategies are implemented by means of programs, budgets, and procedures. Implementation involves organization of the firm's resources and motivation of the staff to achieve objectives. The way in which the strategy is implemented can have a significant impact on whether it will be successful. In most cases different people from those who formulated it do implementation of the strategy. For this reason, care must be taken to communicate the strategy and the reasoning behind it. Otherwise, the implementation might not succeed if the strategy is misunderstood or if the affected parties resist its implementation because they do not understand why the particular strategy was selected.

Wilson and Rosenfeld (1990) defined organization structure as the established pattern of relationships between component parts of an organization outlining communication, control and authority patterns. Thus, structure distinguishes the parts of the organization and delineates the relationship between them; one of the major activities of restructuring is business process reengineering. Hammer (1996), notes that “companies can dramatically improve their efficiency and quality by focusing on customers and the process that create value for them. Processes have come to be more important than their products and are in fact defining the market places in which the companies compete”. Outsourcing for instance, would enable an organization to concentrate on its core businesses, while benefiting from the cost efficiencies of those companies that specialize on the strategies activity firms can design their strategies based on their processes, for instance, through intensification where processes are mapped and improved to enhance customer service, or through extension where strong processes enable entry to new markets.

As Ansoff and McDonnell (1990) argued, business firms are in a constant two way interaction with the environment. They receive an assortment of resources from the environment and after a transformation, deliver them back to the environment in the form of goods and services. The connection of the external environment and the organization is that of input – throughout – output process where inputs are received from the environment and released back into the same environment after being processed by the organization. What is released back can only be consumed by the organization if it fits the environment requirements and needs (Porter, 1985).

2.4.2 Decisive Strategic Responses

Organizations may apply decisive strategic responses to changing environment through making dynamic moves to mitigate the consequences of the environmental changes. Ansoff and McDonnell (1990) noted that strategic responses involve changes in the firm’s strategic behaviors to assure success in transforming future environment. Pearce and Robinson (1997) defined strategic responses as the set of decisions and actions that result in the formalization and implementation of plans designed to achieve a firm’s

objectives. Therefore it is a reaction to what is happening in the economic environment of organizations. Porter (1998) views operational responses as part of a planning process that coordinates operational goals with those of the larger organization. Hence operational issues are mostly concerned with certain broad policies and policies for utilizing the resources of a firm to the best support of its long term competitive strategy. Porter (1998) states that the goals of a competitive strategy for a business went in an industry is to find a position in the industry where the company can best defend itself against the five competitive forces – entry, threat of substitution, bargaining power of buyers, bargaining power of suppliers and rivalry among current competitors.

As the external environment changes, organizations find themselves in unfamiliar environment and have to respond by integrating change and internalizing the ability to adapt to the new environment for survival and growth. According to Schendel and Hofer (1979), organizations respond to turbulence in the environment by formulating new strategies. These provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment. Pearce and Robinson (1991) urge that the organization have to respond to the turbulence by crafting new strategies that they define as a large- scale future –oriented plans for interacting with the environment.

Pearce and Robinson (1997) states knowledge of these underlying sources of competitive pressure provides the grounds work for strategic agenda of action. The highlight of the critical strengths and weaknesses of the company, animate the positioning of the company in its industry, clarify the areas of strategic changes and may yield the greatest payoff. Porter (1998) argues that developing competitive strategies involves development of a broad formula for how a firm is going to compete, what are the goals and policies or tactics necessary for achieving the goals. Competitive strategy includes actions or attempts by a firm to attract customers, retain them withstand competitive pressures and strengthen its market positions and is aimed at gaining competitive advantage. Porter expressed the key aspects of firm's competitive strategies in what he referred to as the "wheel of competitive strategies.

2.4.3 Reactive Strategies

Firms need to develop capabilities to manage threats and exploit emerging opportunities. Pearce and Robison (2000) point out that this calls for a proactive approach to business and the formulation of strategies that constantly match capabilities to the environment. The environment in an industry has great influence on the growth, survival and profitability of firms. According to Ohmae (1992), to survive and prosper in an industry, a firm must meet two criteria; first, it must supply what customers want and second, it must survive the competition. Porter (1979) is of the view that it is very necessary for firms to understand the underlying sources of competitive pressure in its industry in order to formulate appropriate strategies and respond to competitive forces.

Firms are environment dependent in that they obtain inputs such as capital, raw materials and human resources from it and discharge their outputs in form of products and services into the environment. External factors influence a firm's choice of direction and action. The external environment comprises all conditions that effect a firm's strategic options but are typically beyond its control (Pearce and Robison, 2000). Changes in environmental conditions shape a firm's opportunities and challenges. A new environment necessitates the formulation of new strategy best suited to cope with change. According to Ansoff and McDonnell (1990) turbulent environments are characterized by unfamiliar rapid and unpredictable events.

Diversification makes sense when good opportunities can be found outside the present business. Kotler (2000) states that a good opportunity is one in which the industry is highly attractive and the company has the mix of business strengths to be successful, Fred (1997) observed. Three types of diversification are possible. The company could seek new products that have technological and/or marketing synergies with existing product lines even though the new products themselves may appeal to a different group of customers.

Differentiation strategy is one of porter's key business strategies. When using this strategy, a company focuses its efforts on providing a unique product or service. Since the product is unique, this strategy provides high customer loyalty (porter, 1998). Pearce

and Robinson (2007) contend that strategies dependent on differentiation are designed to appeal to customers with a special sensitivity for a particular product attribute. Product differentiation fulfils a customer need and involves tailoring the product or service to the customer. This allows the organization to capture the market share.

2.4.5 Cost leadership Strategies

When outlining the idea of generic competitive strategies, Porter (1980) holds that cost leadership and differentiation signify two fundamentally different approaches to achieve competitive advantage. Cost leadership strategy seeks to achieve above-average returns over competitors through low prices by driving all components of activities towards reducing costs. To attain such a relative cost advantage, firms will put considerable effort in controlling and production costs, increasing their capacity utilization, controlling materials supply or product distribution, and minimizing other costs, including R&D and advertising.

In contrast, differentiation strategy aims to build up competitive advantage by offering unique products which are characterized by valuable features, such as quality, innovation, and customer service. Differentiation can be based on the product itself, the delivery system, and a broad range of other factors. With these differentiation features, firms provide additional values to customers which will reward them with a premium price.

The relationship between these two generic strategies has been debated since their origin. Porter (1985) originally suggested that they are fundamentally inconsistent to each other, and therefore, firms must make a choice between them. That said, he did note that cost leaders can only achieve superior performance if the firm provides an acceptable level of value to buyers; that is meeting the buyers' expectations. Similarly, differentiators can achieve a competitive advantage if the premium price charged to customers is not offset by the cost of “funding” the differentiation features. However, he strongly stressed the incompatibility between the two, for example, by suggesting that differentiation is usually costly. He also used the phrase “stuck in the middle” to emphasise that the combination of cost leadership and differentiation will unlikely to produce a sustainable competitive advantage. This argument has been opposed by a number of scholars who

asserted that it is not only possible for firms to combine both strategies but also that such combination will produce competitive advantage (Hill, 1988; Miller, 1992). Almost a decade later, Porter (1991) revised his earlier argument. His amended view was that: competitive advantages can be divided into two basic types: lower cost than rivals, or the ability to differentiate and command a premium price that exceeds the extra cost of doing so. Any superior performing firm has achieved one type of advantage, the other, or both.

By adopting a generic competitive strategy, firms will translate the underlying intent of the strategy into various operational performance measures. These include quality, innovation, service, brand, flexibility, and price. This study focused on quality as a strategic performance as a reflection of a competitive strategy of the firms. Over the past two decades, quality has been heralded as the source of competitive advantage (Forker et al., 1996; Hans and Will, 1993; Raghunathan et al., 1997). Quality has gone through an evolution process, from an operational level to a strategic level, and some scholars have given strong support for the view that quality must be adopted as a strategic goal in organizations (Adam, 1992; Garvin, 1988; Schonberger, 1992).

Despite the arguments concerning the importance of quality and its role in determining firms' competitive position, only few papers have provided conceptual understanding and empirical evidence of a link between quality and competitive strategy (Chang et al., 2003; Morgan and Piercy, 1996).

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CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. This section therefore, identifies the procedures and techniques that were used in the collection, processing and analysis of data. Specifically the following subsections are included; research design, data collection methods and data analysis.

3.2 Research Design

This was a case study aimed at getting detailed information regarding the strategic responses to competition by Airtel. According to Yin (1994), a case study allows an investigation to retain the holistic and meaningful characteristics of real life events. Kothari, (2004) noted that a case study involves a careful and complete observation of social units. It is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations. Primarily data collected from such a study is more reliable and up to date.

3.3 Data Collection

The researcher used both primary and secondary data. Primary data was collected using in depth interview guide while secondary data was collected by use of desk search techniques from published reports and other documents. Secondary data sources on the response strategies to external environment included the company's publications, journals, periodicals and information obtained from the internet.

The interview guides that were used to collect primary data consisted of open-ended questions. The open-ended questions enabled the researcher to collect qualitative data. These were used in order to gain a better understanding and possibly enable a better and more insightful interpretation of the results from the study. The interview guides designed in this study comprised of two sections. The first part included the demographic and operational characteristics designed to determine fundamental issues including the demographic characteristics of the interviewees. The second part was devoted to the

identification of the strategic responses to changing environment where the main issues of the study were put into focus. The interviewees of this study were the heads of departments since they are well versed with the response strategies adopted by Airtel to counter the competition in the operating environment.

3.7 Data Analysis

Before processing the responses, the completed interview guides were edited for completeness and consistency. A content analysis was employed. Content analysis is defined as a technique of making inferences by systematically and objectively identifying specific characteristics of messages and using the same to relate to trends. It provides the researcher with a qualitative picture of the respondent's concerns, ideas, attitudes and feelings. The content analysis was used to analyze the interviewees' views about the strategic responses to competition in Airtel Kenya Limited. The data was then presented in a continuous prose as a qualitative report on the strategic responses to the changing environment in Airtel Kenya Limited.

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 Introduction

This chapter presents data findings from the field, its analysis and interpretations there-of. The data was gathered through interview guides and analyzed using content analysis. The data findings were on the strategic responses by Airtel to competition.

4.2 Response Rate

All the 8 heads of department projected to be interviewed were interviewed which makes a response rate of 100%. The commendable response rate was achieved after the researcher made frantic effort at booking appointments with the heads of departments despite their tight schedules and making phone calls to remind them of the interview.

4.3 Demographic Information

The study, in an effort to ascertain the interviewees' competence and conversance with matters regarding Airtel asked questions on the highest level of education. The study found that most of the interviewees had at least a University Degree while others had a Masters Degree and a PhD Degree. The researcher also asked a question on the years that the interviewees had worked for the organisation (Airtel Kenya). According to the interviewees' response, all of them had worked for the organisation for at least five years as most promotions are internal, within the organization. The interviewees' responses hence had the advantage of good command and responsibility being that they were senior managers and had experience and aptitude owing to their years of experience in the organisation.

4.4 Challenges of Competition

The interviewees were asked to indicate the current challenges faced by their company due to competition on which they said that the main challenge faced by Airtel due to competition is price wars in the telecommunication industry especially from the main player Safaricom and sabotage of Airtel network by its main rival. The interviewees also reiterated that the company was facing challenges due to distinct technological change, increasing need to maintain high quality services due to increased customer demand as

the customers are exposed to the global telecommunications industry and licensing of other voice over Internet protocol (VoIP) providers (new entrants into the telecommunications industry) who offer low cost voice calls that have posed a major competition challenge to the operations of Airtel Kenya Limited.

4.5 Competitive Strategies and Strategic Response Integration

The interviewees were in accord that the services given to the clients that face the stiffest competition in the company was voice service as exhibited by the current price wars among the players such as Safaricom which lowered its rate to three shillings from an all time high of eight shillings coupled with lowering of the call rated by other players such as Orange and Yu which lowered their rates to as low as two shillings per minute. The interviewees however indicated that Airtel has been able to cope with the stiff competition by offering a low calling rate across all networks and a low calling rate internationally. The interviewees on the other hand indicated that the company does not have a separate department that deals with competition but this function is aliquoted to all the departments to ensure they have a competitive edge.

To the question on which the respondents were requested to describe the nature of competition that the company faces in the running of its operations, the interviewees intimated that the nature of competition faced by Airtel in the Kenyan market is oligopolistic competition where a handful of large firms account for a relatively large market share. The respondents indicated that they faced competition from the main player Safaricom which has a large market share in the Kenyan telecommunication sector in voice calls together with other players such as Orange, Yu and Telecom wireless all of which have dramatically lowered their calling rates. The interviewees also agreed unanimously that the company's money transfer ZAP also faced stiff competition from MPESA which is well established and has many outlets and agents countrywide coupled with its numerous alliances with service providers to pay bills and deposit money in client's bank account. Zap also faces challenge from the new YU cash and Orange money which are penetrating very fast in the Kenyan market. The interviewees were in accord that their internet services also faced challenges from those of the other competitors especially Safaricom and Orange.

The study proceeded to determine the main strategic responses that the company adopts in a bid to overcome the competition. All the interviewees agreed unanimously that competition had made the company to run massive promotional campaigns so as to win the market share which has led to increased costs. They indicated that the company lowered its calling rate to two shillings per minute across all networks and also lowered their cost of messages to one shilling. This is cost efficiency which entail keeping the costs as low as possible. The interviewees also intimated that the company also adopted product differentiation strategies in terms of innovation, speed, and availability of the latest technology that is crucial for product innovation and also adopted marketing as a differentiation strategy as marketing knowledge is an intangible asset not as easily imitated as physical products. This is done by targeting the less marketized environments increasing the opportunity to develop organically distinctive competences.

On how the company integrates the various competitive strategies in its operations, the interviewees were in agreement that the company integrates the various competitive strategies by enhancing competence in all its departments through investment in innovative strategies and structures of the business enterprise, distinctiveness of technology and adopting a strategic choice perspective. They also intimated that the company link competitive and technology strategies, using a hybrid typology that combines previous classifications.

The interviewees further intimated that the strategic response integration processes are mainly technology based. They also indicated that the organisation is set in this sense to withstand competition by adoption of Information Communication Technology such as Management Information System (MIS); 2G network that transfers data at a very high speed which is geared towards the competition from land-line and CDMA offered by Telkom wireless, internal messaging system, automatic call distribution system and automated query handling.

The interviewees were asked to air their views on how the company's preparedness compare with other companies within the telecommunication industry. The interviewees were in accord that the company is better prepared of any eventuality in the market including rivals wars, number portability and any government regulation. This is

demonstrated by the increasing customer base contributed by the number portability and the gradual improvement in most performance measures even as those of the other companies diminish.

4.6 Strategic Response to Competition

The data findings showed that the response strategies employed by the company to counter competition from other telecommunication industries include vigorous promotion strategies, cost efficiency, product differentiation, continuous research into emerging technologies and their impact on the market, market analysis, a strategy to ensure that the right technology is provided at the right time, in-house development teams, 3G roll out strategy, continual improvements to the network, Information Technology governance processes, information security processes

The interviewees unanimously agreed that line managers implements the strategic responses within the department which are reviewed or amended on a monthly basis. They also indicated that the process of implementing a new strategy take in this institution

The interviewees further intimated that the market conditions that can lead to adoption of more than one strategic response at a given period of time include change in customer demands, increase in other players' competitiveness and the company seek to assert uniqueness and superiority over the rivals by constructing a hierarchical relationship between themselves and others.

The interviewees on how competition of brands compare during its initial entry into the market with other established brands and after adopting new strategic responses indicated that the brands were doing well as compared to the time of introduction due to the vigorous marketing strategies and promotion of the products. When the product was introduced, sales were low until customers become aware of the products and their benefits. This was mainly due to rapidly increase in customer awareness of the product. The interviewees also reported that the company has not employed all of its strategic

responses towards competition as there were other things such as changes in the operating environment and customer needs.

The interviewees indicated that the company has not employed all of the strategic responses towards competition in the telecommunication industry as it was focusing on meeting the increased customer needs and putting its operations in line with the changing external environment.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations were drawn are in quest of addressing the research question or achieving at the research objective which is the strategic responses by Airtel to competition.

5.2 Summary of Findings

5.2.1 Challenge Faced by Airtel Due to Competition

The study found that the main challenge faced by Airtel due to competition include price wars in the telecommunication industry especially from the main player Safaricom, sabotage of Airtel network by its main rival, distinct technological change, increasing need to maintain high quality services due to increased customer demand as the customers are exposed to the global telecommunications industry and licensing of other voice over Internet protocol (VoIP) providers (new entrants into the telecommunications industry) who offer low cost voice calls that have posed a major competition challenge to the operations of Airtel Kenya Limited.

5.2.2 Competitive Strategies and Strategic Response Integration

The study found that the services given to the clients that face the stiffest competition in the company was voice service as exhibited by the current price wars among the players such as Safaricom which lowered its rate to three shillings from an all time high of eight shillings coupled with lowering of the call rated by other players such as Orange and Yu which lowered their rates to as low as two shillings per minute. The study however established that Airtel has been able to cope with the stiff competition by offering a low calling rate across all networks and a low calling rate internationally.

On the main strategic responses that the company adopts in a bid overcome the competition, the study revealed that competition had made the company to run massive promotional campaigns so as to win the market share which has led to increased costs. The company lowered its calling rate to two shillings per minute across all networks and

also lowered their cost of messages to one shilling. This is cost efficiency which entail keeping the costs as low as possible. The study also deduced that the company also adopted product differentiation strategies in terms of innovation, speed, and availability of the latest technology that is crucial for product innovation and also adopted marketing as a differentiation strategy as marketing knowledge is an intangible asset not as easily imitated as physical products. This is done by targeting the less marketized environments increasing the opportunity to develop organically distinctive competences.

On how the company integrates the various competitive strategies in its operations, the study established that the company integrates the various competitive strategies by enhancing competence in all its departments through investment in innovative strategies and structures of the business enterprise, distinctiveness of technology and adopting a strategic choice perspective. The company also link competitive and technology strategies, using a hybrid typology that combines previous classifications.

The study also found that the strategic response integration processes are mainly technology based. The study also revealed that the organisation is set in this sense to withstand competition by adoption Information Communication Technology such as Management Information System (MIS); 2G network that transfers data at a very high speed which is geared towards the competition from land-line and CDMA offered by Telkom wireless, internal messaging system, automatic call distribution system and automated query handling.

5.2.3 Strategic Response to Competition

The data findings showed that the response strategies employed by the company to counter competition from other telecommunication industries include vigorous promotion strategies, cost efficiency, product differentiation, continuous research into emerging technologies and their impact on the market, market analysis, a strategy to ensure that the right technology is provided at the right time, in-house development teams, 3G roll out strategy, continual improvements to the network, Information Technology governance processes and information security processes.

The study further revealed that line managers implements the strategic responses within the department which are reviewed or amended on a monthly basis. The study also found

that the company has not employed all of its strategic responses towards competition as there were other things such as changes in the operating environment and customer needs. The study also revealed that the company has not employed all of the strategic responses towards competition in the telecommunication industry as it was focusing on meeting the increased customer needs and putting its operations in line with the changing external environment.

5.3 Discussion

The study found that the main challenge faced by Airtel due to competition is price wars, sabotage of Airtel network by its main rival, distinct technological change, increasing need to maintain high quality services due to increased customer demand as the customers are exposed to the global telecommunications industry and licensing of other voice over Internet protocol (VoIP) providers (new entrants into the telecommunications industry) who offer low cost voice calls. These findings are consistent with those of Gabel (2008) that there are a number of challenges to the development of the fixed broadband in Africa and hence internet usage. The costs of developing and deploying mobile technologies are often onerous for organizations, explaining, in part, why projects are small in scale. Installation of that mobile phone service access is constrained by the limited number of fixed telephone lines on the continent and the existing mobile phone infrastructure is faced with many challenges.

The study also found that the response strategies employed by the company to counter competition from other telecommunication industries include vigorous promotion strategies, cost efficiency, product differentiation, continuous research into emerging technologies and their impact on the market and market analysis among others. The study also found that the company has not employed all of its strategic responses towards competition as there were other things such as changes in the operating environment and customer needs. These findings concur with the findings of the study by Morawczynski (2009) and Mureithi (2004) who found that there is a strong correlation between mobile phone coverage, the types of services offered, the price of such services, and the telecommunications market structure for a particular country and that on average, prices decreased and services increased following strategic responses to changes in market.

5.4 Conclusion

In the modern world of stiff competition, Airtel has been able to keep pace with the rivalry in the telecommunication scenario by adopting various response strategies. From the study findings, the researcher concludes that the main challenges faced by Airtel due to competition is price wars in the telecommunication industry especially from the main player Safaricom, sabotage of Airtel network by its main rival and distinct technological change.

The study also concludes that the services given to the clients that face the stiffest competition in the company was voice service as exhibited by the current price wars among the players such as Safaricom coupled with lowering of the call rate by other players such as Orange and Yu. Airtel has been able to cope with the stiff competition by offering a low calling rate across all networks and a low calling rate internationally. The company does not have a separate department that deals with competition but this function is aliquoted to all the departments to ensure they have a competitive edge.

The main strategic responses that the company adopts in a bid overcome the competition included running massive promotional campaigns, lowered its calling rate, product differentiation strategies, marketing as a differentiation strategy. The company integrates the various competitive strategies by enhancing competence in all its departments through investment in innovative strategies and structures of the business enterprise, distinctiveness of technology and adopting a strategic choice perspective.

The study further concludes that the strategic response integration processes are mainly technology based and the company's preparedness compare with other companies within the telecommunication industry that the company is better prepared of any eventuality.

The study found that the response strategies employed by the company to counter competition from other telecommunication industries include vigorous promotion strategies, cost efficiency, product differentiation, continuous research into emerging technologies and their impact on the market, market analysis and information security processes.

The study also deduced that line managers implements the strategic responses within the department which are reviewed or amended on a monthly basis. The brands were doing well as compared to the time of introduction due to the vigorous marketing strategies and promotion of the products. The company has not employed all of the strategic responses towards competition in the telecommunication industry as it was focusing on meeting the increased customer needs and putting its operations in line with the changing external environment.

5.5 Recommendations

From the discussions and conclusions in this chapter, the study recommends that although Airtel has been successful in responding to competition in the Telecommunication industry, Airtel should engage in more cost reduction as a response to its competitors' strategies

Besides providing its services and products at lower cost (cost advantage), Airtel should deliver benefits that exceed those of competing products (differentiation advantage) to gain a competitive advantage over other firms. The study further recommends that Airtel should heavily advertise itself in other countries and diversify in other countries that not in East Africa in order to take advantage

The company should undertake appropriate, persuasive and sustained advertisement, marketing and campaigns on products and services so as to change the negative perception on industry, increase its market share and customer preference. This would increase its customer base and compete even more with Safaricom.

The study also recommends that the company should recruit workers who have the necessary knowledge and competencies in the business to minimize on the induction and training costs. The staff should also be remunerated fairly and have better work condition and terms to ward-off staff poaching by competitors.

5.6 Limitations of the Study

Being that this was a case study on one company the data gathered might differ from strategic responses that other companies in the Telecommunication industry have adopted

to match the competitive environment. This is because different companies adopt different strategies that differentiate them from their competitors. The study however, constructed an effective research instrument that sought to elicit general and specific information on the strategic responses that companies adopt to match the competitive environment.

The study faced both time and financial limitations. The duration that the study was to be conducted was limited hence exhaustive and extremely comprehensive research could not be carried on strategic responses to competitive environment. Due to limited finances the study could not be carried out on the other branches of Airtel. The study, however, minimized these by conducting the interview at the company's headquarter since it is where strategies are made and rolled out to other branches that operate on the blue print.

5.7 Recommendations for Further Research

The study recommends that further research should be done on the other companies in the Telecommunication industry so as to get comprehensive information on how the other players in the industry have responded to the challenges posed by competitive environment.

The study further recommends that further research should be done to evaluate how the indigenous companies have responded to the competitive environment based on what acclaimed scholars have postulated as the best strategic responses framework.

More research needs to be done to determine what effect the increased promotional campaigns have had on the performance of the company. The contribution of marketing strategy to the overall performance of Airtel should be explored. Another area that needs further research is whether the new and innovative products Airtel is introducing into the market are sustainable in the near future.

5.8 Implication for Policy and Practice

These findings imply that Airtel is faced with various challenges brought about by competition in the Telecommunication industry as such the one experienced currently the

company should engage in more of the proactive strategies by coming up with new innovations in order to keep pace with the rivalry.

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APPENDICES

Appendix I: Interview Guide on the Strategic Responses by Airtel to Competition

GENERAL INFORMATION

1. Indicate your gender?
2. Indicate your highest level of education?
3. Indicate the number of years have you worked in this institution?

CHALLENGES OF COMPETITION

4. What are the current challenges faced by your company due to competition?

COMPETITIVE STRATEGIES AND STRATEGIC RESPONSE

INTEGRATION

5. Which of the services given to the clients face the stiffest competition in your company?
6. Does your company have a separate department that deals with competition?
7. If yes, which is that department?
8. Kindly describe the nature of competition that your company faces in the running of its operations?
9. What are the main strategic responses that the company adopt in a bid towards competition?
10. How does the company integrate the various competitive strategies in its operations?
11. The strategic response integration processes are mainly technology based. How well is your organisation set in this sense to withstand competition?
12. In your opinion, how does the company's preparedness compare with other companies within the telecommunication industry?

STRATEGIC RESPONSES TO COMPETITION

13. What are the response strategies employed by your company to counter competition from other telecommunication industries?
14. Who implements the strategic responses within your department?
15. How often are the strategies reviewed or amended?
16. How long does the process of implementing a new strategy take in this institution?
17. Which market conditions can lead to adoption of more than one strategic response at a given period of time?
18. How does competition of brands compare during its initial entry into the market with other established brands and after adopting new strategic responses?
19. Have the company employed all of its strategic responses towards competition?
20. If no, why has it not employed all of the strategic responses towards competition in the telecommunication industry?