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**STRATEGIES ADOPTED BY SAMA KENYA LIMITED IN IMPACT  
SOURCING**

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## DECLARATION

This research project is my original work and has not been presented for the award of degree in any other university or institution for any other purpose.

Signature ..... 

Date .....*23<sup>rd</sup> Aug 2023*.....

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## **DEDICATION**

Mary, you have always been a source of courage, inspiration, and comfort to me, your prayers and words of support have been my greatest sources of courage. Though I am unable to repay you, please take this dedication, as a token of my sincere appreciation.

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## **ABSTRACT**

The choice of a business strategy is very crucial in the survival and success of any organization. Kenya is rapidly becoming a preferred destination for outsourced services. Therefore, we have seen a lot of business process outsourcing (BPO) firms set up in the country. To establish and maintain a competitive advantage based on their expertise, most firms in the BPO space have opted to adopt impact sourcing business model, which is defined as responsible outsourcing. The goal of this study was to investigate strategies adopted by Sama Kenya limited in impact sourcing. Resource-Based Theory, Market-Based View Theory, and Contingency Theory served as the foundation for this study. In order to conduct this research, the study used a case study approach. 10 mid- and senior-level firm managers were issued with an interview guide. Primary data was sourced and used for analysis. According to the survey, Sama was primarily utilizing cost leadership, differentiation, and expansion methods to break into the fiercely competitive impact sourcing industry and build its brand. Additionally, it was discovered that the company has begun to implement market development plans in order to keep up with the worldwide competition in the impact sourcing sector. According to the study, the company should concentrate on enhancing its ICT infrastructure, increasing the usage of focus strategy in their product/service offering, and continuing with their branch expansion and collaboration strategies. The analysis found that the company has successfully implemented the collaborative strategy. Partnerships with numerous universities have improved the firm's competitiveness and brand image. The results demonstrated that Sama Kenya Limited had been effective in combining the Generic and Ansoff growth methods. The researcher suggested conducting additional research to see what competitive advantage-building tactics other businesses in various relevant industries employ.

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## **ABBREVIATIONS AND ACRONYMS**

**IS-** Impact Sourcing

**BPO-** Business Process Outsourcing

**EXCO** – Executive Committee

**IT** – Information Technology

**ICT** – Information Communication Technology

**KWFT** - Kenya Women Finance Trust

**MFIs** - Microfinance Institutions

**RBV** - Resource Based View

**MBV** – Market Based View

**MPV** - Market Positioning View

**SMEs** - Small and Medium Enterprises

**CSR** - Corporate Social Responsibility

**FTE** – Full Time Employee

**SHOFCO** - Shining Hope for Communities

**MOU** - Memorandum of understanding

**AI** – Artificial Intelligence

**HR** - Human Resources

**CEO** – Chief Executive Officer

**LIDAR** - Light Detection and Ranging

**SDGS** - Standard Development Goals



## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the study**

The process of putting a chosen strategy into practice is referred to as strategy implementation, according to Johnson and Scholes (1997). For the purpose of determining organizational competitive advantage, the strategy's implementation is important. Organizations exist to deliver specific objectives and results that are in line with the strategic objective. According to (Porter 1985), the ability of a business to generate a quality or set of qualities that set it apart from its rivals is known as competitive advantage.

Some resources that put thriving businesses ahead strategically include, resources like proprietary production platforms, affordable electricity or to human resources with specialized skills and knowledge. There are two examples of the new technologies that will either be utilized to create the product or help make it are robotics and information technology. Technology has totally transformed how organizations operate in the current world, to the point where it can give them a competitive advantage over their rivals by outperforming them in terms of online exposure.

This research was guided by Resource-Based Theory, Market Based View Theory and Contingency Theory. Resource based theory states that once an organization has access to crucial resources, it has a better chance of gaining a competitive edge over its rivals (Barney, 1991). These competitive advantages may also help the business generate sizable profits in the long run. In line with the market-based perspective, an organization's success is to a greater extent influenced by its external environment more than its internal operating environment. The market based perspective is predicated on the notion that resources are uniform and perfectly movable. According to the organizational theory of contingency, there is no one optimum method to run a business, assemble a team, or make choices. Instead, a combination of internal and external forces determine the best course of action. At a certain point in the organization's operation, contingent leaders are adaptable in their choice of specific strategies and decision-making to fit changes in the environment.

This research project aimed at analyzing strategies adopted by Sama Kenya Limited (Formerly Samasource). Samasource is a social enterprise with the main goal of eradicating poverty by

creating jobs. The organization is a component of the larger "Impact Sourcing" program, which seeks to combat global poverty by offering low-skilled digital jobs to the underprivileged in areas with weak economies (Gino and Staats, 2012). In 2008, its founder Leila Janah first used the phrase "microwork." She characterized her creative strategy for fighting poverty as a responsible business model that will give capable but inexperienced persons in underdeveloped areas small jobs and adequate pay to improve their living conditions (Kreiner, 2012).

Impact sourcing studies that have been conducted have concentrated on identifying the advantages that specific beneficiaries within underserved communities have in terms of generating income, and skills, living a healthy lifestyle, developing personally, and fostering relationships within the community (Mikkelsen, 2015). A comprehension of the Impact sourcing firm's adoption of competitive strategies is still lacking in the literature. Specifically, how operational level issues relate to the business model. Therefore, as a contribution and an attempt to bridging this knowledge gap, this project aim was meant to, investigate the strategies implemented by Sama in impact sourcing.

### **1.1.1 Concept of Strategy**

Strategy is the positioning of a business in a specific industrial structure (Porter, 1980). Strategic planning entails making preparations to deal with the competitive environment in order to reach a desired future (Pearce and Robinson, 1995). In management, a strategy is a well-thought-out, comprehensive, and integrated plan developed to achieve a company's objectives (Glueck, 1980). Strategic planning's primary goal is to direct an organization in determining its strategic priorities and objectives and focusing on accomplishing the same (Kotter, 1996).

The military was the first to introduce the concept of strategy to management, using it to deploy forces against an enemy in order to win a fight. According to Pina et al. (2011), a strategy is a path or plan used to bring about a desired future, such as the accomplishment of a goal or a solution to a challenge. They go on to say that a strategy necessitates a coordinated process of both action and decision-making that directs a company from what it is to what it becomes because it has future ramifications for current choices rather than focusing on identifying issues and their causes.

According to Candy et al. (2011), strategy is referred to as the art and science of allocating

resources for the best possible use. They go on to explain this further by saying that strategy is more concerned with the desired goals or outcomes than it is with producing those results as products or outputs. Companies must modify their strategies in response to evolving market conditions, new competitor actions, developing technology, shifting customer wants and preferences, growing evidence that the current approach is ineffective, and subpar performance.

### **1.1.2 Impact sourcing**

Impact sourcing, which can also be referred to as socially conscious outsourcing, is a business approach in which companies outsource to vendors who hire young people from disadvantaged backgrounds and underrepresented groups. It is believed that impact sourcing can increase the number of work prospects for disadvantaged youth and other isolated, vulnerable populations, providing them with the means of sustenance they need to pull themselves and their families out of poverty. If implemented as a strategy to reduce teenage unemployment, impact sourcing is believed to have a snowball effect and empower those who are less fortunate to better feed, clothe, educate, and take care of themselves and their families. (Lacity et al., 2011; Everest Group, 2014).

Impact sourcing is a recent development in the business process outsourcing (BPO) , where service providers join global supply chains by employing marginalized youth and providing them with opportunities for employment and career development in locations where they would not typically have many prospects for obtaining a formal job (Lacity, et al, 2011; The Everest Group, 2014). In response to the BPO industry's need to hire an engaged and dedicated workforce at a cheap cost, impact-sourcing service providers have been able to switch to a more efficient delivery model for low-skilled activities (Kennedy, et al, 2013).

### **1.1.3 Sama Kenya Ltd**

The choice of Sama Kenya Ltd (formerly Samasource), is informed by Standard Development Goals (SDGS) number one and eight. No poverty and decent work and Economic growth. 10% of the world's population, or more than 700 million people, still struggle to achieve even the most basic needs, such as having access to water and sanitation, education, and healthcare, to mention a few. The vast majority of people who live on less than \$1.90 per day are in Sub-Saharan Africa. With a rate of 17.2%, rural poverty is widespread over the world and is more than three times as

prevalent as urban poverty. These two SDGs are aligned to the company's business model and mission, which is increasing opportunities for people with low incomes through the digital economy.

Sama Kenya Limited is a non-profit Impact Sourcing company, was established in 2008 and has digital work centers in Kenya, Uganda, Haiti, South Africa, India (covering rural and urban areas), and the United States (Sama, 2022). It is among the first businesses to implement an impact sourcing business model in Kenya, which now employs over 5000 people and runs delivery facilities in Kenya, Uganda, and India (Sama, 2022). The corporation generates about \$19.2 million in sales annually, according to estimates (LATKA, 2022).

Since its founding in 2008, Sama Kenya Ltd. has made a number of adjustments to its systems, model, and strategy. The company employs SamaHub, a platform for task and process management that is entirely owned by them, to provide services from their network of digital work centers. Numerous well-known digital corporations, the most of which are based in Silicon Valley or Northern California, such as Google, TripAdvisor, Getty Images, and Zillow, are currently on their customer list (Sama, 2022).

In its operational model, large-scale data initiatives are frequently carried out via an intermediate model, wherein local partners recruit personnel, adhere to Sama's social impact policies, and offer local infrastructure and computers. By dividing down large projects into smaller tasks, which are then completed by local collaborators and employees, project managers stationed in the US keep an eye on client connections. In 2015, Sama Kenya Ltd. additionally constructed its own direct implementation center in Nairobi (Sama, 2022).

Sama Kenya Ltd. launched Sama Training in Kenya in 2015, a 10-week training course open to young people with little formal education and little computer proficiency. Lessons in Google Docs/Sheets, Microsoft Word/Excel, web research, machine learning, soft skills, and sexual harassment are all part of the curriculum. It also provides training on digital literacy, digital careers, work readiness, and life skills. The Sama Kenya Ltd. Nairobi Center hires many of its training participants for full-time positions. Sama Kenya Ltd. is working with neighborhood nonprofits and community-based groups in Nairobi, Kenya to test out programs on drug awareness, consent-based relationships, and health and safety. Sama Kenya Ltd. argues that

using an intermediary strategy makes it more difficult to integrate these many training subjects (Sama, 2022).

The BPO sector confronts a variety of obstacles to further expansion, especially in developing nations where the sector is still in its infancy (e.g., Kenya). One difficulty is the rising cost structure for BPO suppliers (Sama, 2022). Margin losses on low-end BPO jobs have been brought on by rising costs. Due to client companies' rising price sensitivity and the ongoing emergence of new BPO providers, such low-end work has become commodity. High attrition rates, salary inflation, rising infrastructure expenses, and supply constraints on people have made it challenging for businesses in the BPO sector to remain competitive (Time, 2022). Impact sourcing, the practice of purposefully engaging underprivileged youngsters to accomplish firms' outsourced digital labor, was consequently born as a result of this. Sama wants to integrate impact sourcing into every major corporation's conventional business and technology procedures, with a focus on women and young people.

Sama Kenya Limited runs an impact sourcing business model that aims to provide employment opportunities to individuals from disadvantaged backgrounds, often in underserved areas, by outsourcing work to them. By deploying this business model, the Company contributes to economic growth and social development by creating jobs and skill-building opportunities for those who might otherwise face barriers to employment. With the recent development in artificial intelligence and machining learning, Sama Kenya Limited has had to strategize for the new global demand for outsourcing data annotation services, using new product introductions, re alignment of the organizational structure, pricing strategies, for its new and existing products, and aggressive marketing, and advertisements among other operational strategies.

## **1.2 Research problem**

Since organizations succeed or fail based on their competitiveness, competitive advantage is a crucial notion in strategy and across many industries. Businesses must contend with unpredictability and fierce competition from their rivals (Kotler, 2000). A company can increase its economic returns based on its resources, increase efficiency of its operations, and accelerate the accomplishment of the company's strategic goals with the aid of proper strategy (Hill and

Jones, 2001). These interdependencies are essential, thus strategic choices should always take into account how they will affect other businesses and how they will likely respond.

Businesses in today's world must deal with the dynamics of a shifting competitive environment because that environment includes competition. Competition puts pressure on businesses, requiring them to take initiative and develop effective tactics that support their competitiveness. Being unique is key to competitive strategy, which is decisively choosing an alternative actions to provide a unique combination of value (Porter, 1986). Customers choose products and services in a competitive market setting depending on their sense of value for money, which combines the price, the perceived advantages of the good or service, and any value claims made by an organization.

Market structure and profitability, rivalry and degree of difference, market expansion, product life cycles, and the rate of new product introductions, capital power, and economies of scale all have an impact on the competitive environment. (Johnson and Scholes, 2002). Given heightened competition firms are facing currently, those who can establish themselves at the top and offer the best value to customers will be rewarded, with knowledge that, as the business environment changes, a drastic alteration of the business dynamic will come (Ansoff, 1990). Strategy is key in achieving a firm's competitive edge. Companies in Kenya are now exposed to market whims as a result of the application of the structural modification program, and consequent market liberalization (Mose, 2007). Due to the increased competition, firms are prone to low profits or even losses.

On strategy and competitive advantage, numerous research has been done. For instance, Wanjohi (2008) used the Kenya Women Finance Trust (KWFT), as a case study to evaluate the positioning and competitive strategies implemented by MFIs in Kenya. The research found that a firm's mission and vision statements serve as cornerstones of its goals. Since there are more participants in the microfinance sector than in the impact sourcing industry, this study's findings might not be applicable to Sama Kenya Ltd.

According to Kihoro and Ombui's (2012) research, competitive strategies were shown to be essential for retaining customers. The study investigated the influence of strategies on customer retention in G4S services (K) Ltd. However, the security firm, which operates in a setting distinct

from impact sourcing, was the subject of this investigation. Munyiri (2014) looked at customer retention and competitive strategies among Kenya's commercial banks and came to the conclusion that the banks use differentiation tactics by providing their clients with excellent goods and services of a high caliber. This study, which focused on commercial banks, also used customer retention as the basis for its competitive strategy; however, this dependent variable differs from the variable this study analyzed. None of the previous studies including the few listed above, has actually looked into strategies adopted by Sama Kenya limited in impact sourcing. According to this assessment, there is a gap in the literature that justifies more investigation into this field. This investigation purposes to shed light on the strategies implemented by Sama Kenya limited in impact sourcing. What are the strategies adopted by Sama Kenya limited in Impact sourcing?

### **1.3 Research Objectives**

The objective of this study was to analyze the strategies adopted by Sama Kenya Limited in impact sourcing.

### **1.4 Value of the Study**

The findings of this study adds to the academic research on impact sourcing in Kenya. This is because there is very little literature in the field of impact sourcing as most research papers focus on the traditional business process outsourcing firms. Therefore, the research sheds light and forms a foundation for future research in this thematic area.

The outcomes of this study also impacts the policy framework regulating the outsourcing industry .It is in the interest of the government of Kenya to ensure that policies are in place to promote impact sourcing firms. Through the research findings, the government is able to develop reliable and relevant policies for impact sourcing industry further.

Finally, the study findings are helpful to mid and senior level managers at Sama Kenya Ltd and other impact sourcing companies in assessing their companies' competitive strategies and hence re-evaluating their competitive position.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1. Introduction**

In order to give the theoretical underpinnings of this study, this chapter provides an overview of the current literature, published on impact sourcing strategies. A review of the empirical literature is presented in order to compare the results of this study with earlier findings of related investigations. A summary of the literature review and the found research gaps at the end of the chapter.

### **2.2 Theoretical Foundation**

This research was informed by Resource-Based theory, Market Based View theory and Contingency theory. According to resource-based theory, an organization has a better opportunity to gain a competitive edge over its competitors when it has access to key resources (Barney, 1991). These competitive advantages can also contribute to the company making significant profits, particularly over time. According to the market-based, a firm's success is greatly impacted by its external environment as opposed to its internal characteristics. Subsequently, the firm is seen as a "black box," because the industrial structure provides the best opportunities for gaining a sustainable competitive advantage. An industry is a collection of businesses that offer related goods or services. The hypothesis underlying the market-based perspective is that resources are homogenous and perfectly mobile. According to the organizational theory of contingency, there is no one optimum method to run a business, set up a team, or make choices. Instead, a combination of internal and external forces determine the best course of action. Contingent leaders are adaptable in their decision-making and method choice at a certain stage of the organization's operation to meet changes in the environment.

#### **2.2.1. The Resource-Based Theory**

According to Jay Barney's resource-based theory, organizations must have unique resources and competences in order to succeed and gain a competitive edge (Barney, 1991). This theory places a strong emphasis on a company's internal environment, which includes its resources both material and intangible as well as its assets, capabilities, qualities, and knowledge. Additionally, both financial and non-financial resources may be used (Johnson, Scholes & Whittington 2005). According to Barney (1991), the main source of a firm's competitive edge is its resources, which comprise its organizational capital, human capital, and physical capital.

The Resource-Based View (RBV) promotes the execution of strategies and competitive



advantage, and it contends that businesses can outperform others if they can build significant resources or capabilities that are difficult for rivals to replicate or replace (Kraaijenbrink et al 2009). It places a strong emphasis on the firm's resources as the key factors influencing both financial performance and competitive advantages. In order to analyze the origins of competitive advantage, this theory makes two assumptions. First, this model presupposes that organizations within a sector or a specific strategic group may differ in terms of the resources they have under their control. Second, because resources utilized to implement the firm's strategy are immobile among companies, this theory argues that resource heterogeneity can endure over time.

The tautology of RBV and the fact that multiple resource configurations can produce the same value for businesses does not mean that it can provide competitive edge. The theory has few prescriptive implications, according to another criticism, and the argument's treatment of the role of product marketplaces is underdeveloped.

### **2.2.2 The Market Based View Theory**

The market positioning view (MPV), also referred to as the market-based view (MBV), emphasizes the significance of knowing the market circumstances while formulating corporate strategy. The 1950 theory by Mason and Bain contends that factors in the outside environment determine a company's ability to succeed. Every business is affected by external forces, which calls for the adoption of applicable strategies in order to survive and maintain competitiveness, according to Michael Porter, who developed the five forces framework in 1980 (Porter, 1980).

Industry competition, entry barriers, the danger of replacements, the negotiating power of suppliers, and the bargaining power of purchasers are the five forces taken into account. From this angle, a company's sources of market power can account for its comparative performance. According to Grant (1991), a firm's influence comes from domination, entry barriers, and negotiating command. A firm does better when it controls the market through a monopoly (Peteraf, 1993). In an industry, high entry barriers for new businesses result in less competition and less competitive advantage. Competitive advantage can also result from higher bargaining power within the industry in comparison to suppliers and buyers (Grant, 1991). This school of thought has been criticized for having a one-sided perspective that only considers the structure of the industry and leaves out a firm's internal operations. In addition, different industries may

have different access to resources, and not all resources are uniform.

### **2.2.3 Contingency Theory**

This thesis, advanced by House (1996), contends that, there is no exact way to organize, lead, and govern an organization, and that, contingency approach to management is primarily based on this notion. The administration of a company strategy must be customized to the particular situation it is now facing. According to Lutans (2011), there are a number of contingencies in variables like subordinate, task, and group that must be met for a strategic leader to succeed and improve the financial performance of the organization. The ability to effectively manage the demands placed by a particular situation while ensuring that it advances the financial health of the firm is crucial to a strategic leader's success.

According to this theory, managers make managerial choices based on the particular circumstances at hand rather than applying a "one size fits all" approach. A strategic leader bases their decisions on the factors that are most crucial to the current circumstance. Morgan (2007), who contends that leaders should be accommodating and flexible to the changing requirements of their people, supports this as well. An effective strategic leader should apply their leadership style to warrant that the plan is executed successfully and that financial performance is improved. The designed action plan should be in accordance with the needs of the customers, and management should guarantee that there is a clear plan on a strategy that will be implemented in terms of the assignment, duties, and reporting linkages between the employees and the leaders.

Although it has some advantages, contingency theory often fails to explain why certain leadership philosophies work well in some contexts but not in others. Because the LPC scale does not match up well with other commonly used leadership measurements, its validity is also questioned. The contingency theory also does not adequately address how to handle a leader/situation mismatch in the workplace. (Northouse, 2007).

### **2.3 Strategies and Impact Sourcing**

Although business environment turmoil and uncertainty may present several challenges for Impact sourcing companies, they may also present opportunities for companies, with clear business plans (Yilamz, 2009). According to McGee, and Sammut-Bonnici (2014), strategy is a practice that results in the development of a competitive advantage and higher profits for

stakeholders. Businesses must strategically manage their capabilities, core competencies, and resources in order to gain a competitive edge. They must also respond to external opportunities and threats.

Impact sourcing, sustainability best practices, and corporate responsibility initiatives have the power to significantly improve the lives of disadvantaged people, communities, and enterprises. The idea is advanced by investing in reliable and effective impact sourcing frameworks and processes. This makes sure that a company's supply chain-wide business methods and approaches have a favorable, long-term impact that can be gauged in reputation, value, and return on investment (Agarwal, 2021).

At its finest, impact sourcing is a tool that multinational corporations can utilize to enhance business results. It employs approaches based on the principle of putting people first. Four distinct categories that can be used to group meaningful impact sourcing include; environment, community, personal development and wellness, diversity and inclusion (Agarwal, 2021). The way that these buckets are used strategically can also affect how customers view businesses. The relationships that businesses have with supply chains, communities, consumers, and employees may all change when they create truly relevant and intelligent impact sourcing strategies.

Strategies in skills development. Due to the significant labor scarcity in the industry today, skills have turned into a commodity. Many businesses engage in price wars for the best employees, causing eligible people to hop from job to job and compensation to salary. It is a costly attrition war that ultimately offers little benefit. It is also a problem that impact sourcing can tackle. Organizations can cultivate their own future skilled workforces by purposefully offering individuals training and skill development opportunities in communities or growing markets where high unemployment is a problem (Agarwal, 2021).

Strategies in eliminating disadvantages, companies can radically transform these places by offering job opportunities to people from economically underprivileged locations. The flow of money from the employed back into the neighborhood communities has a long-term ripple effect and has the potential to drastically alter the local dynamics. It is also crucial to address any further diversity issues that could exist within the company.

Eliminating the gender pay gap is a move that every firm is taking right now. This action has been taken by several businesses to ensure that gender does not provide an obstacle to employment. This approach should be expanded to include fair compensation and recruiting various groups of people across race, income group, and other previously disadvantaged areas for really valuable and sustained impact sourcing. The employee will immediately and clearly profit from this. Additionally, businesses who use this approach may experience enhanced performance and innovative problem-solving, as well as better employee retention and the capacity to draw in a varied talent pool (Agarwal, 2021).

Supply chain management, making the best supply chain decisions can considerably lessen an organization's environmental impact and boost its reputation as a green business. This is crucial because it ensures that businesses that promote clean environmental practices are acknowledged and rewarded and since climate change is still a growing and expanding threat. Organizations should consider working with suppliers, vendors, and third-party service providers who have clear green mandates, waste management procedures, and congruent priorities (Agarwal, 2021).

This could involve making sure the entire company stops using plastic and only works with suppliers who have the same philosophy, or making sure trash disposal is moral and in line with industry standards. This pillar also includes promoting goods and companies that use eco-friendly techniques, incorporating sustainable business practices into operations, and promoting diverse companies that promote inclusivity and equal rights.

Adopt a people-first philosophy. Companies that prioritize people are improving both their bottom line and the lives of the individuals they interact with. According to a study by Harvard Business Review, businesses with above-average diversity and inclusion at their core experienced greater financial results. EBIT margins were 9% points higher on average. When the Boston Consulting Group discovered that a company can immediately experience benefits in innovation, performance, EBIT margins, and deliverables by increasing the diversity of its leadership, the firm repeated this sentiment.

Companies with diverse teams were 35% more likely to outperform rivals, according to a 2015 McKinsey study. Although, the same organization later discovered that this diversity's advancement has been sluggish. Despite the growing relevance of the business case for diversity

and inclusion, inclusion isn't performing as well as it could.

To genuinely become diverse, businesses need to focus more on internal interactions that put the needs of their employees first and on creating inclusive cultures. This entails making mental wellness and health solutions accessible, eliminating environmental toxins, ensuring that people with disabilities have access to the same facilities as people with no disabilities, creating an environment that is open and collaborative, and realizing that differences are assets rather than drawbacks.

## **2.4 Empirical Studies and Knowledge Gap**

Different authors have conducted numerous researches on strategies across a range of businesses. A concentrated cost leadership strategy is the best path to a firm's competitive advantage, according to Allen and Helms' (2006) analysis of the connection between hospitals' generic strategies and competitive advantage. According to a 2004 study by Spanos et al. on the Greek manufacturing industry, mixed tactics outperformed pure ones. According to research by Pertusa-Ortega et al. (2009), a number of Spanish companies utilize several mixtures of competitive strategies that include differentiation and cost factors. These strategies are also linked to greater levels of firm performance. Especially those approaches that prioritize innovation differentiation.

Sandeep and Ravishankar (2015) analysis of seven Indian impact sourcing firms' makes the case that the business model may be difficult to imitate since deeply individualized beliefs are at the core of the establishment and growth of impact sourcing firms. The study emphasizes that for the impact sourcing business model to be scalable and sustainable, a lengthy time of embedding and strong connections with local partners are essential. It also underlines how "social" encoding and mimicking play a part in how well impact sourcing businesses are able to uphold their dedication to underserved populations.

Impact Sourcing requires a sizable demand from clients who can afford to hire an ISSP in order to achieve their outsourcing goals, according to Sandeep et al. (2023), who came to this conclusion in their paper, *The Development of Social IT Sourcing Organizations: A Perspective from Impression Management*. The majority of studies show that despite publicly supporting Impact Sourcing initiatives, many organizations are reluctant to work with ISSPs, even though

some are willing to pay more for ISSP services than for conventional outsourcing.

Manning (2022) concluded in a study on the upgrading of emerging economies and how value regimes change, the researcher discovered that local governments in Kenya and South Africa initially gave priority to mainstream value regimes before switching to niche value regimes once Impact Sourcing was acknowledged as a workable alternative business model. By emphasizing the value of local specificity, the government began to push the Impact Sourcing component in an effort to attract clients from around the world.

In their study *Online Outsourcing: Prospects for Increasing Youth Employment and Reducing Poverty in Indonesia*, Glick et al. (2020) discovered that microwork in Indonesia is frequently inconsistent, part-time, and unsecure. Additionally, because their jobs are straightforward and repetitive and they are cut off from their employers, micro employees experience psychological injury. They also lack comprehension of bigger projects. Furthermore, because microwork demands sufficient English language proficiency and continuous access to the Internet throughout the day, persons who undertake it are unlikely to fall into poverty. Therefore, the growth of microwork may not provide much benefit to Indonesia's impoverished citizens.

The study on online freelancing and impact sourcing: *Examining the inclusive development potential of online service work in the Philippines* by Beerepoot and Oprins (2021) cited advantages like flexible work hours, working from home and spending more time with their families as well as upward career development for online freelancing. Employees, however, also expressed their displeasure with issues including unequal pay, erratic workflow, harsh rivalry, and working alone.

Using a case study of the government of Kerala in India, Heeks and Arun's (2010), a study of social outsourcing as a tool for development discovered that the government in India was employing a hybrid social outsourcing company to hire women who lived below the poverty line by acting as a middleman to secure low-cost contracts from the public sector. A start-up loan was typically provided by the government to ten educated women from low-income homes so they could launch their own businesses. The government thus achieved a "triple-win" consisting of political, economic, and developmental advantages, as described by Heeks and Arun.

*The Impact of Impact Sourcing: Framing a Research Agenda* by Lacity et al. (2016). They discovered that a significant U.S.-based client helped reshore business services from an established Indian BPO provider with the aid of a fledgling BPO company called Liberty Source.

Liberty Source, a for-profit company founded in 2014, aims to help U.S. military spouses and veterans who face a variety of employment challenges start and maintain successful careers by offering a competitive alternative to offshore. Reshoring is thus discussed in the case in terms of impact sourcing. It addresses significant workforce development, scalability, and employee impact sourcing issues.

Arasa and Gathinji (2014) used the Kenyan mobile telecommunications industry as a case study to investigate the link between competitive strategies and business performance. The study's conclusions showed that cost leadership and product differentiation are the most frequently employed strategies, and that the market-focused strategy had the most impact on the performance of the organizations while the strategic partnership strategy had the least. Kinyuira (2014) also looked at how Porter's generic strategies affected the performance of savings and credit cooperative societies (Saccos) in Kenya's Murang'a County and revealed that focus, differentiation, and cost leadership strategies had a substantial positive impact on Sacco performance.

In his examination of the competitive tactics employed by SME's in Kenya's industrial, agriculture, transport, telecommunication, building, and service sectors, Chege (2016) found that cost leadership strategy was crucial to the success of SMEs. Namanda, and Bagire (2010) looked at the competitive tactics used by small businesses in Nairobi's exhibition halls. According to the survey, the tactics used were focused on product and marketing, as well as pricing and cost control. In order to determine how competitive strategies affect SACCOs in Kenya's sustainable competitive advantage, Ngugi, and Kising'u (2017) conducted a survey study. According to the report, SACCOs developed tactics for cost leadership, differentiation, focus, and innovation. Similar to this, it was discovered that there is a strong relation on SACCOS's resilient competitive advantage and their competitive tactics in Mombasa County.

Omwoyo (2016) looked at three airline businesses' generic competitive advantages in Kenya and discovered that they use focus, differentiation, and cost leadership methods to stay competitive. Through a descriptive survey research method. In his 2015 study, Ouma (2015) tried to ascertain the connection between general business strategies and competitive advantage in Kisumu-to-Nairobi bus businesses. While all three tactics were employed, the findings revealed that more transport companies implemented differentiation strategies.

Waithaka (2012), conducted a qualitative case study of the University of Nairobi to examine the

competitiveness-enhancing strategies used by the institution. She discovered that strategies such as superior customer service management, differentiation, marketing, and diversification, among others, are crucial for attaining a competitive advantage. The studies cited above show that strategies and competitive advantage are related; nevertheless, there is little study on strategies in the Kenyan impact sourcing sector.

According to the studies cited above, strategies in various industries in Kenya have been studied. Research on strategies in impact sourcing, however, seems to be scarce. This creates an information gap on strategies on impact sourcing firms in Kenya, which this study aimed to fill.



## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1. Introduction**

This chapter's goal is to describe the study's methodology and research strategy that was used. A reliable answer to a problem is found through rigorous data analysis and interpretation, which is what research is. The methodical framework for the research design, data collection, and data analysis is examined in this chapter. Consequently, to write a report and present findings, the chapter also elucidates the research design that was used, how primary data was collected, and how the collected data was evaluated.

### **3.2. Research Design**

This study adopted a case study research design. According to Blumberg, Cooper, and Schindler, (2005), case studies focus more on a thorough contextual examination of fewer events or conditions and how they relate to one another. The benefit of doing a case study is that it offers a complete understanding of the behavioral pattern of the relevant unit. A case study also permits a researcher to use one or more of the available research methods, depending on the circumstance. The goal of the study was to evaluate the effects of Sama Kenya Limited's sourcing practices.

The research strategy that was chosen for this study is that of a single case study of Sama Kenya Limited. A case study is a form of strategic research that aims to explain a phenomena, which in this case, is the impact sourcing strategies adopted by an organization within the impact sourcing industry. This decision was made because, according to Kitay and Callus (1998), a case study is the best method for investigating the mechanisms by, which events occur, probing causal links, and gaining a comprehensive grasp of the phenomenon.

### **3.3. Data Collection**

The study made use of primary data that was collected through an interviewing guide. The mid-level and senior managers who were responsible for strategy, planning, administration, enterprise business solutions, human resource management, and development as well as those who were involved in creating and putting into action the company's strategies were the interviewees. These are regarded as the research's main informants. The primary creators and implementers of the company's strategy are also the departments where the intended respondents work.

### **3.4. Data Analysis**

Qualitative analysis was done on the information gathered from the interview guide. Generalizations about the connections between data categories or topics were generated using qualitative data analysis. Since it was challenging to do so numerically, the qualitative analysis that was used in this study, since the researcher was able to define, understand, and evaluate the subject matter of the research. Utilizing content analysis, the qualitative analysis was conducted. To collate and categorize responses for comparison from the interview guide results, a content analysis technique was applied. To familiarize with the data, the researcher reviewed all the responses to understand the context and content. The research question and objective was used as a guide to the researcher's analysis. During the reviewing of the interview responses, the aim was to identify the aspects of strategies adopted by Sama Kenya Limited.

In preparation and coding of the data, the researcher developed a coding scheme, while identifying key concepts, themes, or variables related to the research objective in the interview data. Subsequently, the researcher created a codebook, with outlines of each code, its definition, and examples for consistent coding. The researcher then organized the initial codes into categories and themes by grouping similar codes together to identify overarching patterns and themes by clustering related codes under broader categories.

Lastly, the researcher summarized the data by condensing the interview responses and summarizing the content within each theme, which ultimately helped with generating concise findings and patterns about the research questions and objective. According to Hsieh and Shannon (2005), the systematic qualitative description of the composition of the study's objects or materials is known as content analysis. It requires close observation and detailed description of the items, objects, or things that make up the study's subject.

## **CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS**

### **4.1. Introduction**

The data analysis, conclusions, and discussions on the data gathered for the case study are included in this chapter. An interviewing guide was used to gather primary data. Through content analysis, data was analyzed to ascertain the impact sourcing strategies used by Sama Kenya Limited. The purpose of the data analysis was to address the study objective. The researcher sent out a self-administered survey attached in appendix one, to 10 mid to senior level managers. The researcher directed the interview guide to the Group CEO, Finance Director, Group HR Director, Service Delivery Director, Marketing Director, IT Director, Project Management Director, Senior Change Manager, Senior Project Manager, and Senior Director of Business Operations because they are the ones, who participate in the creation and implementation of the company's strategic plan and are responsible for its implementation.

The survey considered the background of the respondents based on their roles in formulating strategy, prior and present positions held, and also how long they have been with the company. All of the respondents worked as senior managers for Sama Kenya Limited and were involved in developing and carrying out strategies. This suggested that staff members who had a better grasp of the organization's impact sourcing strategy had provided information on the techniques the company had adopted.

## 4.2 Strategic Planning at Sama

The majority of senior management at Sama has worked for the organization for at least two years, according to the research findings. As one director stated, “I have been with Sama almost five years now, and looking back, it's the best decision I ever made in my career, because I get to impact lives on a bigger scale.” Another one responded by stating that, “My last 3 years with Sama has been full of learning, especially during the most trying moments for the business when covid-19 outbreak hit the world. The respondents attested to their familiarity with the business's strategic strategy and their varied execution roles. *“Our strategic plan is cascaded from top down, with decisions made by our executive team including global leadership and the local management”*, stated one executive. The study found that each department head was given the responsibility of carrying out the strategy plan in their particular division with the aid of top managers. Their main responsibility is to guarantee that everyone shares the same vision and to foster unity of purpose. All of the respondents expressed confidence in the review procedure, which is conducted on a regular basis to assess how well implementation is going in relation to the difficulties. The business has established short-term goals that are aligned to long-term goals of the firm’s strategic plan. Every month, the executive team meets to discuss the status of the various departments and the extent to which the selected strategies are being implemented.

To learn more about the specific goods and services Sama provides, one of the senior executives stated that *“Sama provides secure, high quality training data and validation for Artificial Intelligence. We count the most prestigious technology firms as our clients and serve technology teams driving humanity forward. As an early adopter of Impact Sourcing, the core of our business model is rooted in social impact. Our staff is driven by a mission to expand opportunity for low-income people through the digital economy.”*

Another executive stated that *“our business model is predicated on the idea that, when combined with the appropriate technology platform, we can effectively train a workforce composed exclusively of workers from low income, low education backgrounds to deliver high quality digital services at market competitive quality and prices. This is the driving idea behind our Learning and Development (L&D) training program.”*

#### **4.3 Strategies Adopted by Sama in Impact Sourcing**

In relation to the question of whether or not, Sama has implemented formal approaches for realizing its goals, all interviewees confirmed the presence and use of an official strategy. The study found that each department head was given the responsibility of carrying out the strategy plan in their particular division with the aid of top managers. The business has established short-term goals that are connected to long-term goals of the company’s strategic plan.

Regarding the obligation to carry out a strategy, one respondent said that, *“our leadership team conducts town hall meetings with our team members globally so we can better understand their needs and we are conducting audits as it relates to pay, operations, onboarding, and wellness to ensure we respond appropriately. What’s more, we continue to have independent third-party auditors assess our working conditions, pay, and benefits, and we will revisit our processes and make further enhancements for the benefit of our team.”* A platform created by the company to gather suggestions from all stakeholders is now being used for strategy execution and review. This has made it easier for the company to gain the support of all the stakeholders, which has in turn given the personnel a greater sense of responsibility and ownership for the strategic plan's success.

The majority of respondents agreed when asked if they believed the techniques were intended to achieve a competitive advantage. As one of the respondents stated, *“Our microwork model takes large, complex data projects from global brands and identifies the small tasks within them. These tasks are simplified and then distributed to workers in disadvantaged areas that we’ve trained to do computer-based work. Our tech platform, the SamaHub trains these non-technical workers to become subject matter experts in specific digital fields so they can complete tasks with the highest degree of quality and accuracy.”* He continued, our strategy is aimed at providing meaningful digital jobs for the youth from disadvantaged backgrounds. Another executive added that, *“Samasource and its partners provide baseline soft- and digital-skills training, as well as project-specific instruction — such as on e-commerce technologies skills. Lately, we’ve seen a huge demand for image tagging and transcription services. Training our workers in these specific verticals makes them more competitive job candidates.”* Simply put, using a web platform called Samahub, the company procures contracts from multinational corporations like Google and Tesla, breaks them down into smaller tasks, and outsources keyboarding chores to be completed by trained children and women in Kenya, Uganda, and India. The micro workers who are given these jobs are paid, given training, and given work experience.

One of the respondents noted that impact sourcing is the way to go for business process outsourcing, and that the current strategy is working well. He said, *“Samasource is driven by the mission to expand the opportunity to youth at the bottom of the pyramid through digital work. Our founder built this model on the precept that ‘talent is equally distributed but the opportunity is not.’ Hiring in emerging markets helps support those economies by providing jobs to youth and paying them a wage. Our staff has on average two dependents and this model*

*allows them to cater to their dependents' needs."* He further added that, *"Our staff aged between 18 and 28 are largely sourced from low-income communities. Many of them have not had an opportunity to take up tertiary education because of the minimal opportunities available to them. Samasource serves as a first formal job opportunity for those who were either unemployed or doing informal work that was unsustainable or did not guarantee them a living wage at the end of the month. 52 per cent of them are female."*

The respondents vividly gave an account that in the past five years, Sama has set up a total of seven sites including in the United States, Canada, Costa Rica, Kenya, Netherlands, Uganda Gulu, and Kampala. One respondent added, *"We have global delivery centers in Uganda, Kenya, and India that provide language and computer vision data services for use in machine learning algorithms, such as those used in self-driving cars and virtual reality applications."*

The respondents stated that the company intends to add more branches over the following five years. The management of the company thinks that reaching out to more underprivileged youth throughout the world is one strategy for success in the impact sourcing sector. The company intends to accomplish this by having a presence in all of the major towns and cities in the Sub-Saharan African region. *"Typically we are working with very large companies for whom AI is a key part of their business strategy. Therefore, they have to be really careful about bias in the algorithms or bad data,"* another respondent explained.

All respondents who answered the question on how frequently Sama reviews its plans concurred that the business runs under a three-year operational strategic plan, with a review occurring after the three years. The company is currently running according to its "year 2022–2024 strategic plan." The executive committee, also referred to as EXCO, is in charge of putting the strategic plan into action. Senior managers and department heads make up the committee, which meets

every three months to discuss how the strategy has been put into practice. Every month the executive committee (EXCO) meets locally, and each department head presents an official report on their implementation, and outcomes. To make sure the company is moving forward with the implementation of its strategic plan, discussions on the industry analysis and any other recent events are also held in these forums. In this forum, the industry analysis and any new events are also covered to make sure the company is adhering to the strategic plan.

In response to the question of what specific strategies Sama has implemented to combat competition, respondents named three main tactics: pricing strategy, growth strategy, product innovation strategy, excellent customer service, and an upgrade to their internal end-to-end production platform (SamaHub). Further strategies for fending off competition from Sama's main rivals include aggressive marketing and advertising campaigns in the global north (which is the primary source market for impact sourcing firms), partnerships and collaboration, CSR, low FTE rates, and a narrowly focused market. Additionally, Sama has greater global coverage via its wide-area network inside the Sama Group. The company has been able to keep its longtime clients because of its excellent customer service.

When asked how methods have helped them gain a competitive advantage, the respondents virtually all expressed the same thoughts, but in somewhat different ways. The majority of the respondents showed that these techniques had improved their prospects of gaining more clients; they also allowed Sama to establish regional presence throughout Africa and to enhance their services. Sama has benefited from these tactics in various ways, including customer retention, the development of robust IT platform services, the production of distinctive products, and reduced expenses.



Regarding the issue of additional goods and services Samasource provides, the respondents gave an account of three services dubbed, Sama Annotate, Sama Curate, and Sama Validate. Sama Annotate is a powerful data annotation solution with a full-time in-house workforce that reliably produces industry-leading quality annotations for image, video, and 3D point cloud data. Sama Curate, is a comprehensive data curation service that allows customers to get more with less with Sama's advanced data selection and filtering capabilities. In this regard, the selected team only labels data most likely to improve the final AI models. Sama Validate, is a trusted data validation service that allows Sama customers to fix their annotation model before it becomes a headline. The solution includes human in the loop review and correction of the model predictions for image, video, and 3D point cloud data.

The respondents to a question about how frequently Sama introduces new products to the market said that the accepted norm is for products or services to be reviewed once a year. Before they are made public, all new goods and services must receive the approval of the Group's VP of Product, who is situated in San Francisco, California, USA. To standardize the products of Sama Group throughout all of the countries in which the Company operates, there has been very little recent investment in the goods/service offering due to the change in strategy to focus on Data Annotation as a service.

The majority of respondents agreed that Sama's brand name and products were not well known to the mass market in recent years, particularly in the global south, but were well known to the medium and high end market segments in the global north (America, Europe, and SouthEast Asia). The respondents also concurred that brand name popularity has significantly increased as a result of recent commercials since early 2020. They recommended that greater awareness be maintained by promotions, marketing, sponsorships, CSR, and the creation of additional

branches with goods appropriate for the African market.

The respondents listed a number of platforms when asked about the company's methods of raising awareness, including print media in tech publications like CIO Africa, showcasing Sama products and services at international AI summits and workshops, a monthly podcast called How AI Happens, web banners on the Sama website, email signature advertisements, Signpost ads at various branch office locations, advertising on social media, print media on leaflets, and print media on leaflets. According to the respondents, the Sama's brand and image have been pushed by the advertising, increasing its visibility among customers.

The respondents, when especially asked to compare product pricing, to those of the rivals, made note of Sama's use of pricing as a tactic to break into the international AI supply chain market. When compared to all other impact sourcing in Kenya, Sama's FTE rates for Data Annotation as a Service were the lowest by 16%. Additionally, it was discovered that the project start-up costs were either cheaper or on par with those of other impact sourcing companies providing comparable services. Most interviewees believed Sama is not particularly competitive compared to other impact sourcing companies in the data annotation as service segment, including Cloudfactory, that do not impose any up-front fees, on the basis of customer acquisitions. This was due to Sama's current marketing approach, which focused on medium- and high-end customers in the AI supply chain rather than the mainstream market.

In response to the query about process reviews, the respondents concurred that the company conducts quarterly and as-needed evaluations of its processes and procedures. This will guarantee that adjustments are made in a timely manner to risk, rules, and the environment at large. As well as analyzing and upgrading the current ones, the organizational excellence unit, and the risk, and compliance department, are in charge of creating and implementing new

processes and procedures.

Finally, in response to the question of how Sama's goods vary from those of competitors and what makes them exceptional, the respondents highlighted that Sama's products, particularly the most recent ones, were created with innovation and the demands of the company's constantly shifting consumer base in mind. Sama's training data annotation platform, SamaHub, which controls the full annotation life cycle, is one of the market's distinctive products.

For the best AI teams in the world, the SamaHub, which is a proprietary tool, guarantees high-quality, and human-powered data training, and validation. The platform includes a vector annotation tool as part of its annotation suite. Utilizing cuboids, bounding boxes, polygons, lines, and other tools, the vector annotation tool efficiently annotates 2D photos, video, and 3D objects. The full array of annotation tools also includes 3D LIDAR point cloud annotation, video annotation, and raster-based semantic segmentation. The safe cloud annotation platform from SamaHub provides a large volume of high-quality practice data.

#### **4.4 Discussion**

Organizations require the strategic conflict paradigm in order to stay competitive. According to this viewpoint, competitor firms are at war with one another. Conflict is unavoidable, according to Schelling (1963), and one must research competing organizations' behavior as well as behavior that is connected to all types of conflict. According to Burnes (2009), a company can gain an advantage and increase its profits by swaying the behavior and operations of competitors, and thereby, manipulating market environment. Sama Kenya Limited management appears to be aware of the contradictory circumstances resulting from rivalry in this example. In order to outperform the competition, they have really introduced items with distinctive features and withdrawn products with very identical attributes. In game theory, this maneuver

is also important. In order to create effective defensive strategies, the firm competes by attempting to predict the rival's most likely response to its own plans (Camerer, 2001). According to Porter (1985), businesses develop competitive advantage by coming up with innovative ways to provide customers with more valuable services.

Due to the volatility of the current markets, according to Chaharbaghi and Lynch (1999), a firm's current resources might not be sufficient to meet future market demands. Therefore, it is imperative to adapt, and develop resources that assists a firm to face the competition in the market in the future. The amount of resources an organization has will have a significant effect on its ability to compete successfully. An organization should be involved in resource management and resource development in order to take advantage of business possibilities while also creating new resources in order to maintain its competitiveness in future market settings. Sama Kenya Limited has embraced this idea by developing novel and distinctive products that are appropriate for its target market. By updating its data annotation platform (Samahub), it has also implemented an innovation strategy.

A company can set itself apart in a crowded market by differentiating its goods and services in a way that sets them apart from those of its rivals, in line with Mintzberg et al (1999) theory of differentiation. The findings of the researcher are consistent with those of Thompson et al. (2008), who contend that a differentiator's basis for competitive advantage is either a product/service offering whose attributes differ noticeably from those of competitors or a set of capabilities for providing customers with value that competitors lack. Sama Kenya Limited operates impact sourcing model to differentiate its products, making them more alluring and fiercely competitive.

In contrast to other published empirical studies, the impact sourcing market has seen an increase

in the number of competitors. They must therefore develop and put into practice methods that will help them draw in and keep customers in order to remain competitive. Due to more developments and new competitors entering the market in recent years, competition among players in this industry has intensified. Due to this, the current impact sourcing companies are now compelled to employ various competitive techniques, subject to whether or not, they wish to defend their current markets or expand into new ones. While core competencies, and proficiencies are a major asset in implementing a strategy, Thompson, Gamble, and Strickland (2006) argue that they are equally important ways to gain an advantage over competitors in circumstances, where it is fairly simple for competitors to adopt the same smart strategies. Cost leadership, differentiation, and focus strategies are the three methods Porter (1985) identifies for gaining a competitive advantage.

In his analysis of the tactics utilized by Bank of India, Kenya, Achoki (2013) came to a deduction that, the bank greatly stressed the usage of focus/market niche approach. He added that the differentiation approach, cost leadership approach, and market penetration strategies are used to some extent by the bank in addition to the focus approach. In summary, the results demonstrated that Bank of India, Kenya had successfully combined Porter's general methods and Ansoff growth techniques. These results are in line with those of this study, which demonstrated that the combination of Ansoff's growth matrix methods with Michael Porter's generic strategies leads in their value addition to the company and increased success.

The research's findings concurred with those of Onyoro (2011), who found that multinational commercial banks adopted low-cost leadership strategy very occasionally and with wide differences. According to the study, Sama employed cost leadership, particularly when setting FTE rates for its American clients. Sama also used focus and differentiation techniques, and the mixture of these tactics offered them a competitive advantage in the market.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter includes a data overview of the study's major findings, conclusions, and recommendations. The chapter includes the numerous recommendations and remarks made by the interviewees. Along with the study's purpose, the findings have been described, conclusions have been reached, and actionable suggestions have also been provided. This chapter includes an introduction, a description of the results, a conclusion, recommendations, a discussion of the study's limitations, and ideas for additional research.

### **5.2 Summary of Findings**

The summary was derived from the study's outcomes and conclusions. It is based on the study's goal, which was to examine the strategies deployed by Sama Kenya Limited for impact sourcing. For every firm to endure the current economic turbulence and environmental difficulties, strategies are essential. According to the survey, Sama Kenya Limited is up against fierce competition from both domestic and foreign rivals. Among the strategies looked at were the cost leadership strategy, differentiation strategy, focus strategy, resource-based strategy, and collaborative strategy.

The study found that Sama Kenya Limited successfully employed the cost leadership strategy. The company provides data annotation and data conversion services at lower FTE rates than competing companies, which has assisted it in drawing a sizable worldwide clientele from the public and commercial sectors. Additionally, it was discovered that the set up fees, and the processing fees, were either cheaper than, or on par with those charged by other companies in the impact sourcing sector that provided data annotation services.

The study found that Sama Kenya Limited heavily employed a differentiation approach since

they offer a variety of services and cater to the needs of each individual customer. The researcher observed that Sama's products, particularly the recently released ones, were created with innovation and the demands of the user in mind. SamaHub, the company's platform for annotating training data and used to manage the full annotation life cycle, is one of the market's most distinctive products. For the best AI teams in the world, SamaHub, a proprietary tool, that ensures high-quality, human-powered training data, and validation. The platform includes a vector annotation tool as part of its annotation suite. Utilizing cuboids, bounding boxes, polygons, lines, and other tools, the vector annotation tool efficiently annotates 2D photos, video, and 3D objects. The full array of annotation tools also includes 3D LIDAR point cloud annotation, video annotation, and raster-based semantic segmentation. SamaHub's safe cloud annotation platform provides a large volume of high-quality training data.

The researcher found that Sama does not value focus as a competitive tactic. This is due to the fact that, despite the Company's concentration on data annotation as a service, other impact sourcing companies operate in that market niche. The same services and goods were actually being provided by other players as well, including Cloudfactory, Scale AI, Labelbox, Digital Divide Data, and Africa AI. The management of the company thinks that increasing their global outreach to the world's impoverished youth is one of the keys to success in impact sourcing. Subsequently, to sustain a market share, it was also reported that the company has expanded beyond data annotation as a service to include contact support and content moderation.

Sama Kenya Limited was noted to have employed resource-based and collaborative strategies heavily to their benefit. The responders clearly mentioned the names of Google, Meta, Tesla, Walmart, Glassdoor, and Getty Images, as the main collaborators. Additionally The MasterCard Foundation, Shining Hope for Communities (SHOFCO), The Rockefeller Foundation, Bill and Melinda Gates Foundation, Kenya's Ministry of ICT and vision 2023, are the other



collaborators. The study cited over 50 businesses with whom Sama has signed memorandums of understanding (MOU) in order to collaborate on projects both corporately and with regard to individual Sama employees.

### **5.3 Conclusion**

In Kenya, the market for impact sourcing has grown recently in terms of assets, new rivals, profitability, and product offers. The competition among companies in this industry has increased over the last several years as a result of more innovations among rivals and new market entrants. According to Porter (1998), a successful competitive strategy employs both offensive and defensive tactics to fortify one's position against the five competing forces and maximize return on investment. However, it is clear from the study that Sama Kenya Limited has employed both offensive and defensive tactics to deal with its rivals. By providing the lowest FTE rates compared to other companies, it has leveraged cost leadership as a tactic to break into the content moderation market segment. Additionally, because Sama's goods and services are distinctive, it has been highlighted that the company's considerable use of distinctiveness has provided it a competitive advantage.

The study also demonstrated how effectively the Sama had used the collaborative technique. Partnerships with numerous universities have improved the firm's competitiveness and brand image. The outcomes have benefited the company, its clients, and the personnel as a whole. The resource-based approach has not been well employed very successfully since it presents both a problem and an opportunity to the management of the company.

The research's findings demonstrated that Sama Kenya Limited has been effective in combining its Generic, and Ansoff growth strategies. The two methods work well together, hence it has been demonstrated that combining them is advantageous. The conclusions of this study are consistent with those of Gathoga (2001), who found that because the enterprises are in rivalry

and the differences between their products, and services are small, restructuring is necessary. The study also showed that businesses modify a variety of strategic marketing elements in response to the effect sourcing industry's intense competition.

#### **5.4 Recommendations for Policy and Practice**

After conducting the analysis on the impact sourcing strategies used by Sama Kenya Limited, the researcher puts forth several recommendations. The researcher advises Sama's management to increase the use of focus approach in their portfolio of goods and services. For the Company to succeed, it must concentrate on both high-end and low-end market sectors. The new company strategy places less emphasis on emerging economies as a source market and instead only targets medium and high end clientele located in America and Europe.

The study also suggests that in order to obtain and maintain a competitive edge, the Company should make significant investments in ICT infrastructure, and continuously review, and update the outdated infrastructure. Sama Kenya Limited ought to make its annotating platform (Samahub) accessible to all the other group entities. Since its clients would be able to access their services in any Sama subsidiaries around Africa, this will provide it a competitive edge. In order to accommodate additional transactions and process integration with supplementary support systems, the current core production platform should also be integrated with other production support platforms.

Finally, Sama should improve its collaboration strategy even more in order to foster closer ties with its partners. This will encourage competition, raise awareness of the Sama brand, and guarantee that the interests of all stakeholders are protected. Additionally, the report advises that the Company keep up its branch expansion plan. The ease and close proximity to its clients will provide it a competitive edge thanks to its extensive branch network. In order to expand its presence, it has to create more branches in the key African cities.

## **5.5 Limitations of the Study**

The results cannot be generalized to the impact sourcing industry in Kenya or to other Sama subsidiaries because they operate in diverse countries with diverse environments because the researcher's case study was restricted to Sama Kenya Limited. It is challenging to distill case studies into broad assertions and theoretical frameworks.

The researcher encountered some obstacles, particularly in obtaining survey participants to reply. All of the responders were senior managers with extremely hectic schedules, so most of them required repeated reminders, and some only agreed to respond after office hours. Additionally, the majority of responders were very circumspect when disclosing critical strategic information. Therefore, in order to maintain the confidentiality of their business, they were only providing limited responses. Some of the respondents to the interviews were unable to provide in-depth responses to some questions, particularly those pertaining to upcoming new products and the future of the company because some strategic decisions, operational processes, and the firm's products and services are made from the company's HQ with only recommendations from the Kenya office.

## **5.6 Suggestion for Further Research**

To compare and evaluate how well these tactics perform for the impact sourcing sector as a whole, this study should be conducted again in numerous other firms around the nation as well as in the Sama group network. To determine whether the results will be comparable, a similar study can be conducted on another impact sourcing company or the impact sourcing market. The researcher proposes conducting research on a number of or all Kenyan impact sourcing companies in order to get a generalization viewpoint.

The findings of this study should be the subject of further research in order to improve our understanding of impact sourcing practices. Research on factors other than strategies that affect

firms should also be conducted to ascertain how they affect the expansion of the firm. The research should be expanded to determine the methods used to implement successful strategies in other relevant industries, such as the gig and digital economies. The usage of competitive advantage building tactics by other businesses in various relevant industries should be investigated as well.

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## **APPENDICES**

### **Appendix 1: Letter of Introduction**

**Dear Interviewee,**

My name is Victor Oluoch Otieno, a Master of Business Administration (MBA) student at the University of Nairobi conducting research on strategies adopted by Sama Kenya limited in impact sourcing. Due to the nature of your work, you have been selected to form part of the study in order to help me undertake the research.

This letter therefore is to request your assistance in responding to the interview guide. The study will in no way expose or disclose the Sama's strategic information and the internal procedures and practices, but will purposely be for academic purposes.

Your assistance and cooperation in this exercise will be highly appreciated.

Yours Faithfully,

Victor Otieno

### **Appendix 2: Interview Guide**

The interview guide will act as a plan to seek information on strategies adopted by Sama Kenya limited in impact sourcing. All the information you give will be treated as confidential and for academic purposes only.

#### **SECTION A: Background of interviewees and Sama Kenya Limited**

1. How long have you worked with Sama Kenya Limited?
2. Which other positions have you held in Sama prior to your current position?
3. Does your role involve Strategy formulation?
4. How is Sama Kenya Limited owned?
5. How long has it been in operation?
6. What services and products does Sama Kenya Limited offer?

## **SECTION B: Competitive Strategies**

1. Has Sama adopted any formal strategies for achieving its objectives?
2. Who is responsible for implementation of such strategies?
3. Do you think such strategies are geared towards earning competitive advantage?
4. With whom does the Sama collaborate with in the impact sourcing industry?
5. What is the nature of the collaboration?
6. How often does Sama review its strategy?
7. Does Sama compete head on for market share in the impact sourcing industry?
8. Who are Sama's main competitors?
9. What is the nature of competition that Sama faces?
10. What specific strategies has Sama put in place to withstand such competition?
11. How have the strategies contributed towards achieving competitive advantage
12. Other than the common business process outsourcing services, which other products/ services does Sama provide?
13. How often do you introduce new products/services into the market?
14. To what extent can you say your products/services and Sama brand name is known to the market?
15. Which mode(s) of advertising does Sama use to create awareness?
16. How would you compare your product pricing to those of your competitors?
17. Is product pricing a source of competitive advantage? Please explain how.

18. How often do you review processes, in terms of eliminating unnecessary processes and adding value to your product/service?

19. How different are your products/services from that of your competitors?

### **Appendix 3: University's Introduction Letter**



## **UNIVERSITY OF NAIROBI**

### **FACULTY OF BUSINESS AND MANAGEMENT SCIENCES**

*OFFICE OF THE DEAN*

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Our Ref: **d61/33624/2019**

March 17, 2023

National Commission for Science, Technology and Innovation  
NACOSTI Headquarters  
Upper Kabete, Off Waiyaki Way  
P. O. Box 30623- 00100  
**NAIROBI**

**RE: INTRODUCTION LETTER: VICTOR OLUOCH OTIENO**

The above name is a registered Masters in Business Administration candidate at the University of Nairobi, Faculty of Business and Management Sciences. He is conducting research on "*Strategies Adopted by Sama Kenya Limited in Impact Sourcing*".

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the Project.

The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your cooperation will be highly appreciated.



**PROF. JAMES NJIHIA**

**DEAN, FACULTY OF BUSINESS AND MANAGEMENT SCIENCES**