OPERATION STRATEGY ADOPTED BY THE MOBILE TELEPHONY SERVICE PROVIDERS IN KENYA TO GAIN COMPETITIVE ADVANTAGE

By

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DECLARATION

This is my original work and has not been presented for a degree in any other university.

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Signature .... Date 10/11/2011.

This project has been submitted for examination with my approval as University supervisor.

ONDIEK, GERALD

Signature .... Date 16/11/2011

DEDICATION

To the most important people in my life: my Mum and Dad for all the support they gave towards my education.

ACKNOWLEDGEMENTS

It would have not been possible for me to write this research project if it were not for the support, encouragement and guidance of many people.

Although it is not possible to name all of them, first, my sincere appreciation is expressed to my supervisor Gerald Ondiek for his objective criticism and friendly guidance throughout the entire period of proposal writing, research process to the final report writing. I also thank the management, administrative staff and lecturers in the University of Nairobi, especially the School of Business.

Without hesitating to commend my family which supported me morally and encouraged me to go through the rough long way of coming up with the results of the study. I salute all friends for their words of encouragement and for giving me strength in the whole process of writing the research project.

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ABSTRACT

Gaining competitive advantage through operation strategy lies in identifying what the priority choices are, in understanding the consequences of each choice and in navigating the ensuing tradeoffs. The purpose of this study was therefore to determine operation strategies adopted by the various mobile telephony operators that gain competitive advantage. The mobile telephone operators were Safaricom, Airtel, Yu mobile and Orange mobile. This study therefore adopted a descriptive design in carrying out the study. The study interviewed two respondents from each of the four mobile phone companies who were distributed as follows, 3 (37.5%) respondents were technical directors, 2 (25%) respondents were director of strategies and 3 (37.5%) were director of business unit for the organization.

The study found that the competitive priority that was considered as the most important to most of the mobile phone telephony companies was cost. A total of 3 (75%) of the companies said that cost was their most important strategy in gaining competitive advantage. Only 1 (25%) company had it that quality was the most important strategy in gaining competitive advantage. The study recommends the firms to adopt high quality, speedy delivery of service and flexibility as well as the main operational strategies besides low cost.

There was one major limitation that limited the findings of the study. The study was conducted over a very short period of time. This limitation was however overcome by the study doing a proper field coordination that made the study to be effectively conducted over a very short period of time. The study suggests that future researchers should conduct a correlation study to establish the relationship between the operational strategies and the performance of the organization it terms of revenue and profitability.

1 CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Operating businesses effectively and efficiently in competitive environments is proving to be a challenge to many business leaders today. Operational excellence is a common denominator in all high performance businesses. To satisfy opportunities in the economic system, managers identify what goods and services the firm will contribute to their clients. This contribution is the organizations reason for being, that is, its mission. A plan designed to achieve this mission is called strategy (Heizer and Render, 2004). An organization strategy consists of the moves and approaches devised by management to produce successful organization performance. Strategy therefore is the management's game plan for the business (Thomas and Strickland, 1998). For a company to succeed, the business strategy must be supported by each of the individual business functions, such as operations, finance, and marketing.

According to Slack and Lewis, 2004, Operations strategy is the total pattern of decisions which shape the long term capabilities of any type of operations and their contribution to the overall strategy, through the reconciliation of market requirements with operations resources. Operations strategy is the tool that helps to define the methods of producing goods or a service offered to the customer. To maintain a competitive position in the marketplace, a company must have a long range plan. This plan needs to include the company's long term goals, an understanding of the marketplace, and a way to differentiate itself from its competitors. All other decisions made by the company must support this long range plan. Otherwise, each person in the company would pursue goals that he or she considered important, and the company would quickly fall apart.

The role of operations strategy is to provide a plan for the operations function so that it can make the best use of its resources. Operations strategy specifies the policies and plans for using the organization's resources to support its long term competitive strategy.

Operations function is responsible for managing the resources needed to produce the company's goods and services. Operations strategy is the plan that specifies the design and use of resources to support the business strategy. This includes the location, size, and type of facilities available; worker skills and talents required; use of technology, special processes needed, special equipment; and quality control methods. The operations strategy must be aligned with the company's business strategy and enable the company to achieve its long term plan (Slack and Lewis, 2004).

Telecommunication industry today is characterized by an ever changing operation environment. This is evidenced by stiff competition among the major players, recent move towards unification of licenses, change in customer needs which heralded the introduction of a number of new products in the market. An organization must translate customer requirements into objectives for operations known as competitive priorities. The examples of competitive priorities include, low cost, consistent quality, flexibility and on time delivery (Ahmed and Schander, 2001).

The current growth in Kenya indicate that the challenges being faced by the companies that were once market leaders are different from those that operators holding a minority market share are facing. While leading operators by market share are facing the challenge of preventing churn, smaller operators are mostly preoccupied with growing their market share. This shows that these companies will employ different strategies to remain competitive and profitable in the long run. Therefore companies have realized the need for operations functions, which deal with the core operations for an organization, other functions or departments being supportive of it (Gichira, 2001). Strategy formulation consists of the following basic steps; defining primary task, assessing core competence, determining order winners and order qualifiers and positioning the firm (Russell and Taylor, 2001). Telecommunication firms therefore have no exception and should position themselves to compete on or a combination of operations priorities like quality, cost, speed and flexibility.

The challenges faced by the makers of telecommunications policy in Kenya are exceptionally demanding (Steadman, 2007). To meet of economic needs, it will be necessary to expand the network, enhance service quality and features, and upgrade operational efficiency and productivity.

Adopting efficient and effective operation strategy is a vital tool in achieving competitive advantage in the daily contest for customers and clients. Critical factors that influence buying decisions for most services and goods are price, quality, product performance, features, product variety and availability of the product. All these factors are substantially influenced by the actions taken in operations. For firms to remain competitive all of the activities that make up the operations core must strengthen the firm's strategy. The firms must actively explore changes in operation strategy to take advantage. Productivity measures provide the benchmarks for how well a company is doing and are useful for measuring improvement. These are important terms that make up new language of operations strategy and the language of business.

1.1.1 Overview of Operation Strategy

An appropriate operations strategy is essential to an organization not only as this will determine the extent to which its business strategy can be implemented, but also as its operations can be a source of competitive advantage. But what exactly is meant by the term operations strategy? Slack *et al.* (2004: p.67) argue that an 'operations strategy concerns the pattern of strategic decisions and actions which set the role, objectives and activities of operations'. The use of the term 'pattern' implies a consistency in strategic decisions and actions over time. This concept is consistent with management guru Henry Mintzberg's view of strategy as being a 'pattern in a stream of actions' (Mintzberg and Waters, 1985). Mintzberg sees strategy as being realized through a combination of deliberate and emergent actions. An organization can have an intended strategy, perhaps as a set of strategic plans. However, only some of this intended strategy may be realized through deliberate strategy. Some of the intentions may be unrealized. Strategies which take no regard of operational feasibility are likely to become unrealized, remaining merely as a set of intentions. Strategy may also emerge from actions taken within the organization, which over time form a consistent pattern.

Actions of this kind will, almost inevitably, arise from within the operations of the organization.

Slack *et al.* (2004) argue that there are five operations performance objectives: Cost, which refers to the ability to produce at low cost. Quality, which refers to the ability to produce in accordance with specification and without error. Speed which refers to the ability to do things quickly in response to customer demands and thereby offer short lead times between when a customer orders a product or service and when they receive it. Dependability which refers to the ability to deliver products and services in accordance with promises made to customers (e.g. in a quotation or other published information). Flexibility, which refers to the ability to change operations. Flexibility can comprise up to four aspects; that is the ability to change the volume of production, ability to change the time taken to produce, ability to change the mix of different products or services produced, and ability to innovate and introduce new products and services.

Excelling at one or more of these operations performance objectives can enable an organization to pursue a business strategy based on a corresponding competitive factor. So, whether planned or otherwise, the organization's operations are bound to have a major impact on the formation of organizational strategy. It is often believed that strategy is an issue that is somehow separate from day-today organizational activities. Taken to extremes this can result in strategy being regarded as some kind of cerebral activity performed by superior beings who need to be removed from day-to-day operational pressures. Mintzberg is amongst those who point to the dangers of managers becoming detached from the basics of the enterprise. Mintzberg and Quinn (1991) call this the 'don't bore me with the operating details; I'm here to tackle the big issues' syndrome. They caution that, 'the big issues are rooted in little details'.

1.1.2 Overview of the Mobile telephony industry in Kenya

The Kenyan mobile telecommunications market has witnessed tremendous growth in the last ten years of its existence after the licensing of the second GSM operator. This growth is manifested in the near exponential subscriber base growth (CCK, 2011), network expansion and revenues realized by the mobile communications operators. According to the Communications Commission of Kenya (CCK, 2011) which is Kenya's industry regulator, the four licensed mobile operators in Kenya (Airtel, YU, Safaricom and Orange) currently share among them over 24 million active subscribers making Kenya one of the countries in Africa with the highest mobile penetration rates at 55% (Lange, 2010).

Comparing the first sector statistics report released by CCK in September 2009 and the latest one that was released in May 2011, there has been an unprecedented growth of mobile communication usage from 17.9 million subscribers to the current 24.9 million; the mobile penetration rate has also increase from 47% to the current 63.2%. During this period of intense growth, the mobile operators have engaged in price wars that were brought about the by lowering of interconnection fees by the regulator. These price wars led to over 60% the reduction of calling rates on some networks as the operators fought for a bigger share of the subscriber pie.

In the last one year, we have witnessed operators such as Safaricom who once held a near monopoly market share drop from 80.70% to 69.90% within a period of twelve months from December 2009 to January 2011 (CCK 2011). This dip in market share was not however in tandem with their dip in revenues and profitability which was less pronounced. During the same period smaller operators such as Orange and Airtel grew their market share. The significant growth of the smaller operators could be attributed to massive promotion and marketing activities by the mobile operators, a factor that could have contributed to increased subscriptions (CCK 2011).

The Kenyan mobile telephony industry operates under the influence of six forces that define the industry structure and the competitive behavior. These forces are: the entry barriers; rivalry among existing competitors; customers' bargaining power; bargaining power of suppliers; government controls; and information and telecommunications technology, all of which are embodied within the industry and each plays a major role in defining the industry structure and competition therein. Substantial evidence now exists of the development benefits of mobile telephony. These include: improved connectivity that has enabled countries to leapfrog the need to develop fixed line infrastructure, providing connectivity to many people for the first time; its role in reducing transaction costs for both households and enterprises; facilitating job creation and private sector development; and enhancing access to financial services (Southwood, 2007).

The mobile phone market is relatively young and evolving fast. Regulation is important for competition in this area, and regulators are grappling with how best to handle this fast changing market. In order to fight off the competition the companies have to strengthen their competitiveness. Based on the penetration rates as at 2010, there is a prediction that the market will be 100% saturated by 2013 (CCK, 2010). It has become increasingly clear that the various companies' customer base will become vulnerable to this market saturation. Abundance of players in a price sensitive market has lead to subscribers using different service providers for different types of communication (data and voice).

Furthermore, mobile telephony rates have fallen drastically in the last one year, resulting in increased pressure on the company's revenues as average revenue per user (ARPU) declined and diminishing margins (Waverman et al, 2005). Mobile telecommunications operators compete for customers principally on the basis of services offered, price, marketing skills, quality, reliability and coverage area. As market saturation approaches, the strategies employed have shifted from customer acquisition to customer retention. Accordingly, if the companies are unable to offer higher quality service and better value to its customers, its market share and revenues may not increase, thus calls for structural and operational changes to align the organization to its new market realities.

1.2 Research Problem

Gaining competitive advantage through operation strategy lies in identifying what the priority choices are, in understanding the consequences of each choice and in navigating the ensuing trade offs (Chase at al, 2001). To remain competitive in a fast growing industry, telecommunication firms needs to apply these competitive priorities focusing on their customer requirements, internal and external environments (King, 2000). Competitiveness rotates around the concepts of operation priorities; competitive abilities that a business should seek to build, acquire, sustain or improve on. There are four broad pillars through which operation strategy is built on. cost, time, quality and flexibility.

In an attempt to improve strategic competitive standing and the different aspects of operational effectiveness, some telecommunication service providers are deploying quality improvement tools and initiatives. The effectiveness of this effort has strong implications to the strategic competitiveness of the telecommunication service provider and their operational effectiveness and heavily determines if the operator remains in business or closes shop.

A number of studies have been done in the areas of operations strategy. For example: Formulation and Implementation of Operation Strategies Used in Solid Waste Management: Case Study of City Council of Nairobi by Magutu, Mbeche, Nyamwange, Mwove, Ndubai and Nyaanga (2010) the case study had some of the following findings the internal strengths with the highest effect on City council of Nairobi's competitive advantage, resulting from its operations strategy are: responsive employees in meeting customer needs, highly trained employees, quality control techniques, process quality, high-performance, strong technical capability of employees, marketing function's skill in understanding customer wants scored, City council of Nairobi's skill in attracting and raising capital scored, creative employees in product design and goods and services consistency. The improvement methods applied in operation management: A survey of the practices of Kenyan firms listed at the Nairobi stocks exchange by Obura (2003) had the following findings. He found and ranked the operations priorities as high quality, reliability / dependability, cost efficiency, speed and flexibility. Nyamwange (2001), in his study on the operations strategies applied for the competitiveness of Kenyan large manufacturing firms, found out that high quality, low cost, time / speed, innovativeness and flexibility ranked in the order, were the operations strategies on which these firms compete.

The above studies created further research question in operation strategy or priorities and telecommunication industry. Firms strive to survive and succeed in competition by pursuing strategies that enable them to perform better than their competitors. This is despite the fact that the telecommunication industry environment has been affected adversely by the changing operating environment calling for adoption of operations strategies to enhance a competitive edge in the markets. There was a knowledge gap with regard to the operations strategies used by the telecommunication service providers in Kenya. The knowledge on how various operations Strategies are used to gain competitive advantage in the telecommunication service providers in Kenya was important as it would enlighten the companies' management as well as other stakeholders in the industry on the approaches to take. The research gap needed to be filled by carrying out an investigation into the operations strategy used by the telecommunication service providers in Kenya and particularly in the mobile phone industry. The study is valuable in giving insights into operation strategy that can be utilized to improve operational efficiency for an organization and increase value to its customers. The study will strive to answer the research question such as the kind of operation strategy adopted by the mobile telephony service providers to gain competitive advantage.

1.3 Research objectives

The objective of the study was to determine the operational strategy adopted to enhance competitive advantage by the telecommunication service providers where the focus will be on the mobile telephony industry in Kenya.

The study had one specific objective:

To determine operation strategies adopted by the various mobile telephony operators that gain competitive advantage.

1.4 Value of the Study

The key to operational efficiency is innovation. The study results will provide a yardstick through which mobile operators strategy execution will be measured to see if they are innovative enough in their operations give them a competitive edge. The study is important to telecommunication executives as it will help in understanding the innovation strategies and how their understanding can help different firms enhance their commercial performance. The study will also help them know the methods used in gathering and applying the innovation strategies, which will help them improve their business operations. With a focus on operations' effectiveness, it will help capture the importance of a firm's strategy alignment with its mission of serving customers. The study undertaken will help to contribute to the overall development of strategic operational best practices and bench marking.

This study will be important to the policy makers in the mobile communication industry as they will be able to know for certain what internal and external environmental factors play a bigger role in shaping their operations and how they affect performance and what operational strategies to use in order to remain competitive.

The findings will help to capture how telecommunication firms are reacting to turbulent and sometimes disruptive challenges in the environment and how they are able to gain competitive advantage by quickly adapting to them. The study will further aid decision makers in government, ICT industry and financial institutions understand management challenges inherent in this sector.

The study will highlight other important relationships that require further research; this will be in the areas of relationships between firms' resources and the operations to impact on their competitiveness. The results of this study will also be invaluable to researchers and scholars, as it will form a basis for further research. The students and academics would use this study as a basis for discussions on operational competitive dimensions and sustainable firm competitiveness. The study will be a source of reference material for future researchers on other related topics; it will also help other academicians who undertake the same topic in their studies.

2 CHAPTER TWO: LITERATURE REVIEW

2.1 Operations Strategy

Mintzberg *et al.* (1998) characterize ten 'schools of thought' in their consideration of what constitutes strategy. A widely accepted definition is offered by Johnson *et al.* (2005), who define strategy as 'the direction and scope of an organization over the long-term, which achieves advantage in a changing environment through its configuration of resources with the aim of fulfilling stakeholder expectations'. In its determination of the long-term direction of an organization, strategy involves the interplay of three elements: the organization's external environment, its resources and its objectives (in meeting the expectations of its stakeholders).Operations management is principally concerned with the organizational resources. However, the way that the operations function manages resources will impact both the way that the organization interacts with its external environment and its ability to meet the needs of its stakeholders. Thus, operations management is an integral part of an organization's strategy.

Russel and Taylor (2009) refer to operations management as a transformation process where labor and materials are transformed into goods and services and they look at strategy as a common vision that unites an organization, it provides consistency in decisions and keeps the organization moving in the right direction. And they analyze how international strategies influence operations management through market access strategy which involves access to markets and resource seeking strategy in order to access and utilize specific resources outside home country. They further allude to international strategies able to give an organization competitive advantage through global sourcing where basic input resources from lowest cost location or sourcing from sophisticated products from the best suppliers possible. Location facilitates movement of goods and services next to customers, network affects the final competitive advantage that an organization will enjoy.

The concept of strategy is delimited by a firm's competitive priorities, their different areas of decisions and competitive areas of decisions. Both concepts are strongly interrelated and they fit between these variables on the operations, structure and

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The concept of strategy is delimited by a firm's competitive priorities, their different areas of decisions and competitive areas of decisions. Both concepts are strongly interrelated and they fit between these variables on the operations, structure and infrastructure which must be included in the operations management process. The role of operations strategy is to provide a plan for the operations function so that it can make best use of resources (Voss, 1995).

Operations strategy specifies the policies and plans for using organizational resources to support long-term competitive strategy. The operation function is responsible for managing the resources needed to produce the company's products or services. The operations strategy is the one that specifies the plan that specifies the design and use of these resources to support business strategy. This includes the location, size and type of facilities available, worker skills and talent required, use of technology, special process needed special equipments and quality control methods. The operation strategy must be aligned with the company's business strategy and enable the company to achieve its long-term plans (Hayes et al., 1998; Hill, 1993).

Firm's competitive priorities and their areas of delivery restrict the content of operations strategy. Both concepts are strongly interrelated as operations decisions and competitive priorities must be similar. The fit between these variable and the necessary investments in operations structure and infrastructure may justify the role of operations area as a source of sustainable competitive advantage and continuous improvement (Roth, 1989; Anderson et al., 1989). Key to success in operations strategy lies in identifying what the priority choices are in understanding the consequences of each choice and in navigating the ensuring trade offs. (Lee and Ritman, 2005).

However, it is important to note that the success of any particular business strategy depends not only on the ability of operations to achieve excellence in the appropriate performance objectives, but crucially on customers valuing the chosen competitive factors on which the business strategy is based. Matching operations excellence to customer requirements lies at the heart of any operations based strategy. It is unlikely that any single organization can excel simultaneously at all of the five operations performance objectives. Trying to do so is likely to lead to confusion if operations managers pursue different objectives at different times (Barnes, 2008).

Hayes and Wheelwright (1984) claimed that overall operations capability drives the success of organizations and developed a model to help identify the strategic role of the operations function. The four stage model progresses from a passive, largely reactive approach to a proactive approach in Stage 4. Stage 1 is internal neutrality; here operations function is seen as a hindrance in the delivery of competitive advantage by the other business functions. Its focus is on avoiding mistakes so it tends to be inward-looking and is reactive. Stage 2 is External neutrality; here the operations function compares its performance with competitor organizations. Benchmarking its performance against its competitors enables it to identify the best ideas to copy. Stage 3 is internally supportive; at this Stage, operations are broadly up there with the best but have aspirations to continue to improve and be the very best in the market. The operations function has developed appropriate operations processes and resources to excel in those areas in which the company needs to compete effectively. Stage 4 is externally supportive here the operations function is playing a lead role in strategy making and is forming the foundation for future competitive success. It might be doing so by organizing resources in innovative ways or in designing in flexibility so it is capable of adapting as markets change, capabilities developed will enable the organization to compete in future market conditions. It is about redefining the market and its expectations.

2.2 Competitive advantage

Competitive advantage is defined as the "capability of an organization to create a defensible position over its competitors" (Li et al., 2006). It comprises capabilities that allow an organization to differentiate itself from its competitors and it is an outcome of critical management decisions (Tracey et al., 1999, Li et al, 2006). The empirical research clearly identifies a number of manufacturing capabilities that help organizations develop and maintain their competitive advantage. Wheelwright (1984) suggests four strategic capabilities that can be considered as competitive priorities. These capabilities are: low cost, quality, quick delivery, and flexibility. Rondeau et al. (2000) referring to Koufteros (1995) define the following manufacturing-related competitive capabilities:

Helms (1996) considers that quality and productivity can be used as strategic weapons for achieving competitive advantage. He argues that organizations must be aware of what increases quality or supports production as strategic weapons; otherwise, they will lose market share. In this sense, cost and quality will continue to remain the competitive advantage dimensions of a firm (D' Souza and Williams, 2000). Time to market is an important dimension of competitive advantage (Holweg, 2005). In summary, it seems that there is a consensus in the empirical literature on the identification of price/cost, quality, delivery, and flexibility as important capabilities required for achieving competing advantage (Li, 2002). Based on the above argument, the dimensions of the competitive advantage constructs used in this study are price/cost, quality, delivery dependability, product innovation, and time to market. These dimensions are identified and defined by the empirical work originally done by Li et al. (2006) and used in the empirical work done by Thatte (2007).

Based on the above, the dimensions of the competitive advantage constructs used in this study are price/cost, quality, delivery / dependability, product innovation, and time to market.

2.3 The Competitive Priorities of the Operations Function

Understanding of operation competitive priorities helps grasp the scope of operations strategy. Hayes and wheelwright (1984) define competitive priorities as strategic preferences or the ways in which an organization chooses to compete in the market place. The importance of identifying and pursuing appropriate competitive priorities at the operations level was emphasized a long time ago (Ahmed and Schroeder, 2001). Therefore, Operations managers must work closely with marketing in order to understand the competitive situation in the company's market before they can determine which competitive priorities are important. There are eight possible competitive priorities for operations which are grouped into four broad categories: Cost, low cost operations; Quality, high performance design and consistence quality; time, fast delivery, on time delivery and development speed and Flexibility, customization and volume flexibility (Krajewski and Ritzman, 1999).

2.3.1 Competing on Cost

Companies that compete on cost persistently pursue the elimination of all waste. Quality encompasses both the quality of the design of the product in terms of aesthetics, reliability and performance and the quality of the process that delivers the product or service. Quality of delivery process impacts on costs and dependability. Quality is a major source of customer satisfaction or dissatisfaction. Poor quality products or poor quality of service are likely to put the customer off returning, leading to future lost sales (Slack, Chambers and Johnston, 2004).

Competing based on cost means offering a product at a low price relative to the prices of competing products. The need for this type of competition emerges from the business strategy. The role of the operations strategy is to develop a plan for the use of resources to support this type of competition. Note that a low-cost strategy can result in a higher profit margin, even at a competitive price. However, low cost does not imply low quality. Some specific characteristics of the operations function we might find in a company competing on cost. To develop this competitive priority, the operations function must focus primarily on cutting costs in the system, such as costs of labor, materials, and facilities. Companies that compete based on cost study their operations system to eliminate all waste (Slack and Lewis 2002).

They offer extra training to employees to maximize their productivity and minimize scrap. Also, they might invest in automation in order to increase productivity. Generally, companies that compete based on cost offer a narrow range of products and product features, allow for little customization, and have an operations process that is designed to be as efficient as possible. Employees should be trained to perform many functions and use a team approach to maximize customer service.

Products sold strictly on the basis of cost are typically commodity like, that is customers cannot distinguish the product from different firms. This segment of the market is frequently very large, and many companies are lured by the potential for significant profits, which they associate with the large unit volume of product. Consequently, competition in this segment is fierce and so is the failure rate (Chase et al, 2001).

Regulatory decisions emphasize "fairness" in pricing rather than economic efficiency. There are many possible concepts which could be used to define fair prices. In judging whether prices are fair, regulations have historically tended to allocate shared costs first. and then to require that the price charge for any service generate revenue which cover the portion of shared costs allocated to that service plus all costs that can unambiguously be attributed to that service (Braeutigam. 1979).

2.3.2 Competing on Quality

Quality can be defined as "conformance to specification", "meeting the customers expectation", supplying non defective goods (Gower, 1994). Many companies claim that quality is their top priority, and many customers say that they look for quality in the products they buy. Yet quality has a subjective meaning; it depends on who is defining it. For example. to one person quality could mean that the product lasts a long time, to another person quality might mean high performance. When companies focus on quality as a competitive priority, they are focusing on the dimensions of quality that are considered important by their customers. Quality as a competitive priority has two dimensions.

The first is high-performance design. This means that the operations function will be designed to focus on aspects of quality such as superior features, close tolerances, high durability, and excellent customer service. The second dimension is Goods and services consistency, which measures how often the goods or services meet the exact design specifications. Companies that compete on quality must deliver not only high-performance design but goods and services consistency as well. A company that competes on this dimension needs to implement quality in every area of the organization.

One of the first aspects that need to be addressed is product design quality, which involves making sure the product meets the requirements of the customer. A second aspect is process quality, which deals with designing a process to produce error-free products. This includes focusing on equipment. workers. materials, and every other aspect of the operation to make sure it works the way it is supposed to. Companies that compete on quality have to address both of these issues: the product must be designed to meet customer needs, and the process must produce the product exactly as it is designed. The product needs to be designed to meet customer wants and needs, and the process needs to be designed to produce the exact product that was intended, consistently without error (Slack and Lewis 2002).

At the outset it merits to mention that the measurement of quality lies predominantly in the domain of qualitative management and much less in that of qualitative management (Chary, 1995). The measure of the corporate success will not be simply an acceptable quality level, but increased customer satisfaction, improved process capability, decreased process variation and lowered operating costs (Gilmore, 1990)

2.3.3 Competing on Flexibility

As a company's environment changes rapidly, including customer needs and expectations, the ability to readily accommodate these changes can be a winning strategy. There are two dimensions of flexibility, one is product flexibility, which is the ability to offer a wide variety of goods or services and customize them to the unique needs of clients. A flexible system can quickly add new products that may be important to customers or easily drop a product that is not doing well. Another aspect of flexibility is volume flexibility, which is the ability to rapidly increase or decrease the amount produced in order to accommodate changes in the demand (Vokurka and O'Leary-Kelly, 2000).

It could be concluded that different situations of uncertainty and various environmental factors should be managed based on specific types of flexibility in order to improve the performance of a given firm. Slack, 1988 indicates that different competitive strategies will require different forms of flexibility in order to improve the firm's competitive performance. Similarly, Gerwin, 1993 suggests that a firm's level of performances is contingent on its ability to match the appropriate type of flexibility with the corresponding type of environmental uncertainty faced by the firm. Moreover, Olhager, 1993 emphasizes the need for flexibility in the short and long run.

In the short run, flexibility gives the ability to adapt to changing conditions using the existing set and amount of resources. In the long run, flexibility gives the ability to introduce new products, new resources and production methods, and to integrate these into the existing production system. Similarly, and in more details, Slack, 1987 argues that the variety of products and uncertain demand are two factors emphasizing the need to be flexible. Zhang and Sharifi, 2000 conducted an empirical work to determine the factors that require a firm to be agile in a turbulent environment. They listed a number of factors related to internal and external environment include: marketplace factors, competition factors, customer requirement, technology factors, supplier's factors, and internal complexity.

2.3.4 Competing on time

Time or speed is one of the most important competitive priorities today. Companies in all industries are competing to deliver high-quality products in as short a time as possible. Today's customers don't want to wait, and companies that can meet their need for fast service are becoming leaders in their industries. Making time a competitive priority means competing based on all time-related issues, such as rapid delivery and on-time delivery. Rapid delivery refers to how quickly an order is received; on-time delivery refers to the number of times deliveries are made on time. When time is a competitive priority, the job of the operations function is to critically analyze the system and combine or eliminate processes in order to save time. Often companies use technology to speed up processes, rely on a flexible workforce to meet peak demand periods, and eliminate unnecessary steps in the production process (Rondeau et al., 2000).

Competing on speed requires an organization characterized by fast moves, fast adaptations and tight linkages. Decision making is pushed down the organization as levels of management are collapsed and work is performed in cross functional teams. Close contact is maintained with both suppliers and customers. Strategy is time pace to create a predictable rhythm for change.

Companies that compete on flexibility often do not compete on speed, because it generally requires more time to produce a customized product. Also, flexible companies typically do not compete on cost, because it may take more resources to customize the product. However, flexible companies often offer greater customer service and can meet unique customer requirements. To carry out this strategy, flexible companies tend to have more general-purpose equipment that can be used to make many different kinds of products. Also, workers in flexible companies tend to have higher skill levels and can often perform many different tasks in order to meet customer needs.

2.3.5 Competing on New Product Development

Customer's needs and expectations change from time to time hence an organization needs to develop new products from time to time. These products should meet the customer expectations (Slack *et al.* 2004)

In today's competitive world, companies do not compete on price or delivery alone. Introduction of new products or new product features has become a main source of competitive advantage. In high tech world, companies can hope to survive only if they introduce new products. Old products will rapidly become obsolete & new products becomes the only source of future revenue. New product development provides an opportunity to change the competitive landscape. New products can help company gain new customers, retain existing customers and increase profitability. In short, new products is the only source of competitive advantage - if executed correctly. And this puts the spot light on the product manager. Product manager's role in defining the new product: specifications, features, performance, pricing et al, is vital to gain competitive advantage (Hayes and Wheelwright 1984)

One can raise new barriers to entry through new product development. Constantly keep releasing new products at regular intervals - so that competition cannot catch-up and this also discourages new entrants into the market. The new products raise the performance/quality standards with every new release. This strategy requires companies to have a well defined product road map and deep engineering capability that allows them to introduce new products are regular intervals - which keeps raising the performance/quality continuously, so that competition cannot keep up with the pace of technological improvements and lose out. New product development is a surest way to retain & gain market share. Successful product companies have a history of introducing new products at regular intervals; they have a well defined product road map; deep engineering capability; innovation and R&D capability.If you are not introducing new products at regular intervals, then it's almost certain that your competition can eat your lunch.

2.4 Selecting competitive priorities and the need for strategy trade-off

The choice of competitive priority is essentially a synthesis of recognizing associated tradeoffs and exploiting an organization core capability. Competitive priorities for a firm are not static; they are dynamic and change over time due to shifts in the competitive environment. Firms are persistently trying to gain competitive advantage by differentiating themselves by offering unique product service bundles that are hard to initiate. The dimensions of competitive priorities will change as time progresses (Ahmed and Schroeder, 2001). Without an effective and efficient operation function no organization can hope to retain market leadership, since it will fail on delivery, price, quality, flexibility or more probably on all (Galloway, 2000).

Operations function needs to give special focus to some priorities but not all. As more resources are dedicated toward one priority, fewer resources are left for others. The operations function must place emphasis on those priorities that directly support the business strategy. Therefore, it needs to make trade-offs between the different priorities. For example, a company that competes on using the highest quality component parts in its products. Due to the high quality of parts the company may not be able to offer the final product at the lowest price (Ward and Duray, 2000).

In this case, the company has made a tradeoff between quality and price. Similarly, a company that competes on making each product individually based on customer specifications will likely not be able to compete on speed. Here, the trade-off has been made between flexibility and speed. Every business must achieve a basic level of each of the priorities, even though its primary focus is only on some. For example, even though a company is not competing on low price, it still cannot offer its products at such a high price that customers would not want to pay for them. Similarly, even though a company is not competing on time, it still has to produce its product within a reasonable amount of time; otherwise, customers will not be willing to wait for it. One way that large facility with multiple products can address the issue of tradeoffs is using the concept of plant-within-a-plant (PWP), introduced by well-known Harvard professor Wickham Skinner.

The PWP concept suggests that different areas of a facility be dedicated to different products with different competitive priorities. These areas should be physically separated from one another and should even have their own separate workforce. As the term suggests, there are multiple plants within one plant, allowing a company to produce different products that compete on different priorities (Ward and Duray, 2000).

3 CHAPTER THREE: RESEARCH METHODOLOGY

This section sets out the research methodology that was adopted to meet the objectives stated in chapter one of this study. The research design, data collection, data analysis and presentation techniques were discussed.

3.1 Research design

The study adopted the descriptive survey study design. Descriptive survey attempts to collect data from members of the population to determine its status with respect to one or more variables. It determines and reports how things are, at that point in time (Mugenda & Mugenda, 2003). Descriptive survey is suitable for the study as the researcher was able to gather more information on the operational strategies used by the mobile phone telephony companies in Kenya. They involve measurement, classification, analysis, comparison and interpretation of data.

3.2 Population of the study

The population of this study comprised of all the four (4) mobile service providers in Kenya namely Safaricom, Airtel, Orange and Yu. The mobile phone telephony companies have their head offices based in Nairobi based on CCK report in 2010 on key mobile service providers. Therefore the study was limited to Nairobi, since it is the place where we have all the head offices of the mobile phone telephony companies.

3.3 Data collection

Primary data was used, which was collected using a semi-structured questionnaire that had both open-ended and closed questions. According to Kibera and Waruigi (1998), a questionnaire is used when a researcher requires information on feelings, attitudes and motivations. The study was focused to senior managers in operations, head of networking, heads of logistics, marketing managers and heads of strategy and planning. The questionnaire were administered through emails, drop & pick later approach and where possible through face to face interview.

3.4 Data Analysis

Once the data was collected it was edited for completeness and consistency. Data collected was quantitative and was analyzed by descriptive statistics through analysis of frequency distributions. The findings were presented using tables and charts. Five point likert scales were used to analyze the perception of the respondents on the operational strategies and their influence on the firms competitive advantage.

4 CHAPTER FOUR: DATA ANALYSIS RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the results of the analysis of the data collected in the study. The study had 8 respondents who were equally distributed among the four mobile communication companies. Each of the organisations produced 2 respondents for the study.

4.2 Respondents demographic Information

The study captured demographic information from the respondents such as department of service, period of service and position in the department.

4.2.1 Department

The study examined the departments that the respondents served. It emerged that the respondents served from two different departments as presented in figure 4.1 below.

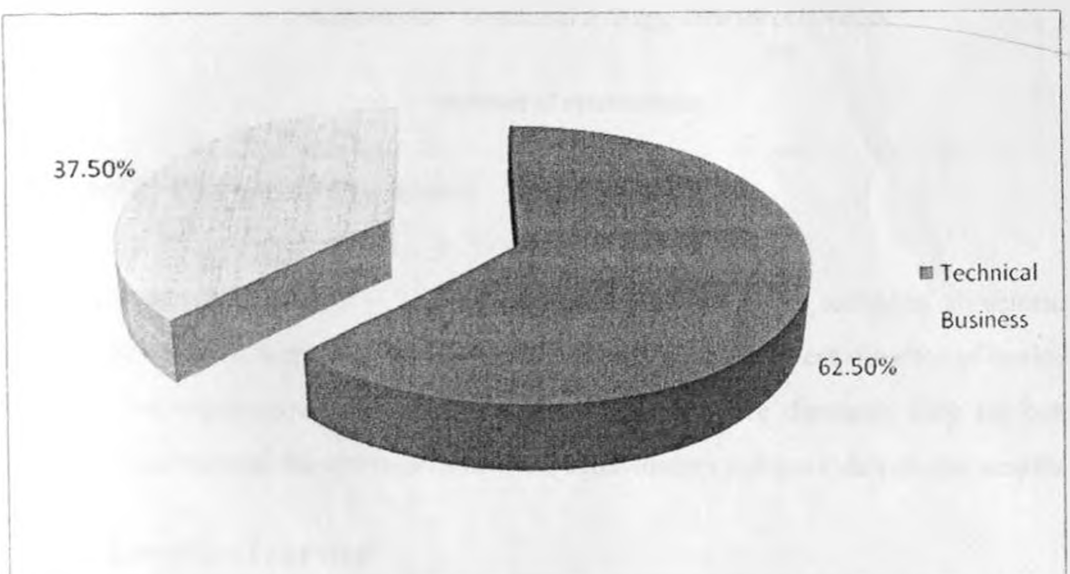

Figure 4.1: Department of service

From the findings in figure 4.1, 5 (62.5%) respondents belonged to the technical department and the other 3 (37.5%) respondents belonged to the business department. Since the technical department deals with maintenance and installation and the business department deals with customer satisfaction. Views from the respondents from these departments are very important because these departments are the ones that majorly deal with cost, flexibility, quality and speed of service delivery. These were the competitive priorities that the study investigated.

4.2.2 Position of respondents in the organization

The study investigated the position of the respondents and presented the findings as shown in figure 4.2 below.

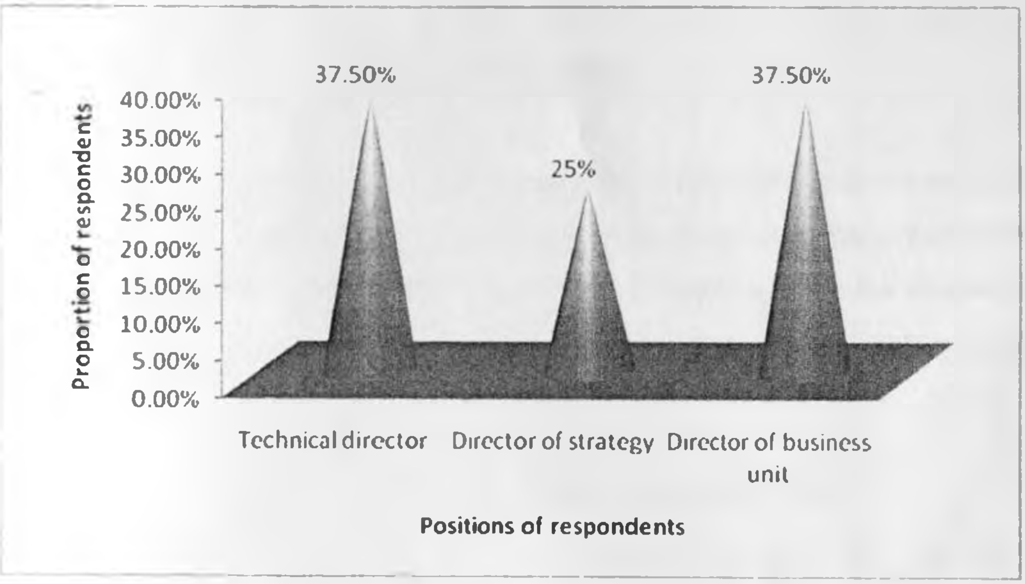

Figure 4.2: Position of respondents

From the results in figure 4.2, 3 (37.5%) respondents were technical directors, 2 (25%) respondents were director of strategies and 3 (37.5%) were director of business unit for the organisation. Given that the respondents were directors they are better placed to understand the operations of their departments and provide reliable results.

4.2.3 Length of service

The study investigated the length of service of the respondents and presented the results in figure 4.3 below.

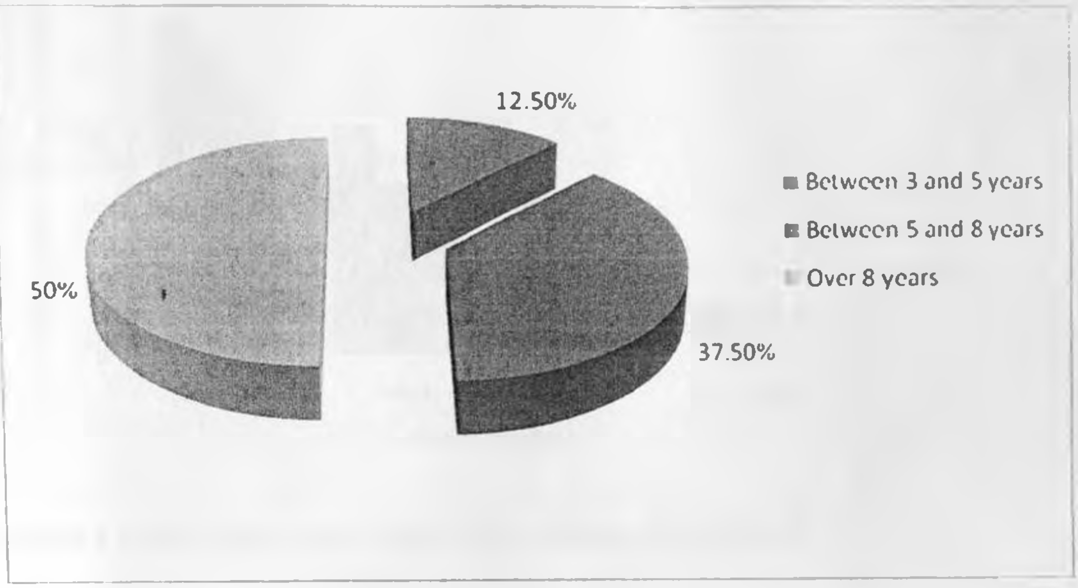

Figure 4.3: Length of service of the respondents

From the findings in figure 4.3, 4 (50%) respondents had over 8 years in service in the organisation, 3 (37.5%) had between 5 and 8 years of service in the organisation and only one respondents had between 3 and 5 years in service. From this results most of the respondents had long years in service enabling them to give reliable response for the study.

4.3 Performance of the mobile phone operating firms

The study explored the performance of the mobile phone operators over the years from the year 2008 to the year 2010. The performance of the companies was conceptualised using the pre – tax profit of the companies as posted in the companies websites in December of the year 2008, 2009 and 2010. Figure 4.1 below presents the results.

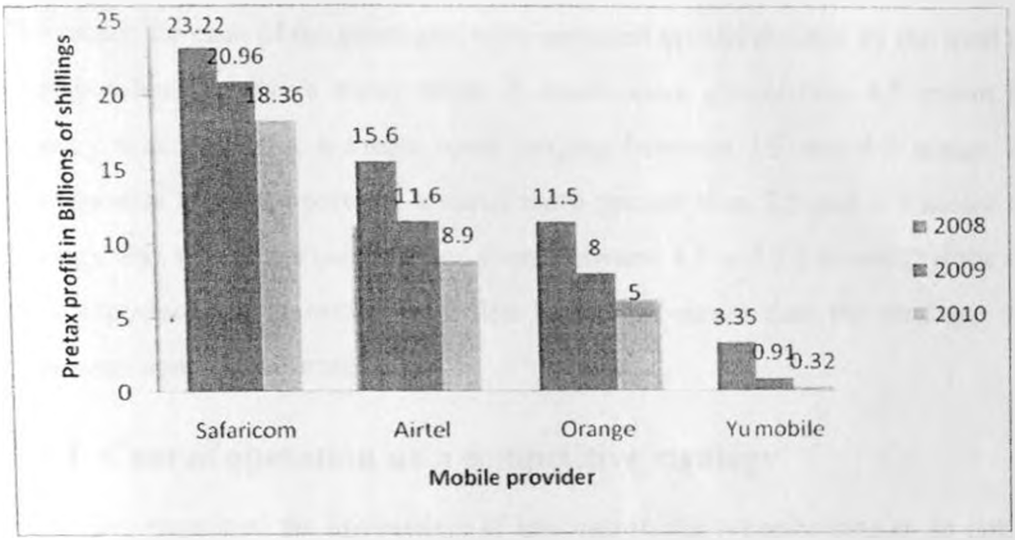

Figure 4.4: Pre - tax profit of the mobile phone service firms

From the findings in figure 4.4, Safaricom posted a pre – tax profit of 23.22 Billion shillings in December of 2008, the profits dipped to 20.96 billion shillings in 2009 and lastly to 8.36 billion shillings in 2010 December. Airtel on the other hand posted a pre tax profit of 15.6 billion shillings in 2008, 11.6 billion in 2009 and 8.9 billion shillings in 2010. The same was the trend for Orange mobile which posted a pre tax profit of 11.5 billion in 2008, 8 billion in 2009 and 5 billion in 2010. Lastly, Yu mobile posted a pre – tax profit of 3.35 billion in 2008, 0.91 billion in 2009 and 0.32 billion in December 2010.

From the findings in figure 4.4 all the companies observed dipping in the profits from the year 2008 to the year 2010 showing a slum in performance as indicated by the pre – tax profit.

4.4 Operation strategies adopted by the various mobile telephony operators

The objective of the study was to determine operation strategies adopted by the various mobile telephony operators that gain competitive advantage. The operational strategies that were adopted by the firms were Cost, Quality, Flexibility, Time, Service Provision, Know-how and Customer focus. The respondents were presented with a set of questions to rate his opinion on the strategies adopted by the mobile phone telephony operators. The respondents responded as either excellent which was given a score of 5, high important was given a score of 4, very important was given a score of 3, important was given a score of 2 and not important was given a score of 1.

The scores for each of the strategies were summed up and divided by the total number of respondents to give a mean score. A mean score greater than 4.5 meant that the strategy was excellent; a mean score ranging between 3.5 and 4.5 meant that the strategy was highly important; a mean score greater than 2.5 and 3.5 meant that the strategy was very important: a mean score between 1.5 and 2.5 meant that the strategy was important and a mean score less than 1.5 meant that the strategy was not important operational strategy.

4.4.1 Cost of operation as a competitive strategy

The study examined the importance of low cost to the organizations as an operational strategy. The aspects of costs that were examined included low operational costs, low vendor costs, low quality costs and low waste resource costs. Table 4.1 below shows the results.

Table 4.1: Cost of operation as a competitive strategy

	Cost							
	Highly important		Very Important		important		Mean score	Std error
	no.	%	no.	%	no.	%		
Low operational costs	3	75	1	25	0	0	3.75	1.264
Low vendor costs	2	50	2	50	0	0	3.5	1.956
Low quality costs	1	25	2	50	1	25	3.5	1.558
Low waste resources cost	2	50	1	25	2	50	3.75	1.170

From the results in table 4.1, adoption of low operational cost had a mean score of 3.75. This meant that it was a strategy that on average was highly important to the organisations. A total of 3 (75%) organisations said that low operational cost was a highly important strategy and 1 (25%) organisation said that it was a very important strategy. Low vendor cost had a mean score of 3.5 implying that they on average it was a highly important strategy to the organisation. The study found 2 (50%) organisations reported that low vendor cost was highly important and the other organisations said that it was very important. In the adoption of low quality cost, the organisations had a mean score of 3.5 meaning that on average adoption of low quality cost was highly important strategy to the mobile telephony firms. A quarter of the mobile phone companies reported that low quality cost was a very important strategy. A similar proportion said that it was an important strategy and half of the organisations said that it was a very important strategy. In the adoption of low was resources cost, 2 (50%) organisations reported that having low waste resources cost was a highly important strategy to them; 1 (25%) organisation said that it was a very important strategy to them and lastly 1 (25%) organisation said that having low waste cost was a very important strategy to the organisations. Adoption of low waste resources cost was highly important strategy to the organisations this is because it had a mean score greater than 3.5 and less than 4.5.

4.4.2 Quality of service

The study examined how some aspects of quality enabled the companies to achieve competitive advantage. The aspects of quality included low installation error rate, performance of products, reliability of products and reliability of services design.

Table 4.2 Quality of service as a competitive strategy

	Quality of service							
	Highly important		Very Important		important		Mean score	Std error
	no.	%	no.	%	no.	%		
Low installation error rate	2	50	1	25	1	25	3.25	0.577
Performance of products	1	25	2	50	1	25	3	0.577
Reliability of products	3	75	1	25	0	0	3.75	0.577
Reliability of services design	1	25	2	50	1	25	3	0.577

From the results in table 4.2, a total of 2 (50%) organisations reported that low installation error rate was highly important to them; 1 (25%) organisation said that low installation error rate was a very important strategy and 1 (25%) had it that low installation error rate was important to the organisation. The mean score for low installation error rate was 3.25 meaning that on average it was a strategy that was very important to the organisations in attaining competitive advantage. Having good performance of products had a mean score of 3 meaning that on average it was a strategy that was very important to the organisations. It was observed that 2 (50%) organisations reported that having a low installation error rate was highly important to the organisations; 1 (25%) respondent said that having a low installation error rate was very important to the organisation and 1 (25%) organisation said that it was important to the organisation. Reliability of products and services had a mean score 3.75. This meant that it was a highly important strategy to the mobile phone telephony companies in achieving operational efficiency. Reliability of services design on the other hand had a mean score of 3 meaning that it was a strategy that was very important to the organisations.

4.4.3 Flexibility of operation

The study explored how some aspects of flexibility allowed the company to achieve competitive advantage and presented the findings in table 4.3 below.

Table 4.3 Flexibility in operation as a competitive strategy

	Flexibility in operation									
	Excellent		Highly important		Very Important		important		Mean score	Std error
	no.	%	no.	%	no.	%	no.	%		
Broad range of products offered	0	0	3	75	1	25	0	0	3.75	1.470
Broad range of capacity	0	0	2	50	1	25	1	25	3.25	1.713
Broad range of technologies	1	25	2	50	1	25	0	0	4	1.764

Broad range services offered	1	25	3	75	0	0	0	0	4.25	1.458
Customize Services	0	0	2	50	2	50	0	0	3.5	1.730
Routing flexibility	0	0	2	50	2	50	0	0	3.5	1.226
Variation in customer delivery schedule	0	0	1	25	3	75	0	0	3.25	1.289

From the analysis in table 4.3, the mean score of the importance of having a broad range of products offered to enable the organisation to achieve competitive advantage was 3.75. This meant that on average, it was highly important strategies in assisting the organisation achieve competitive advantage. Having a broad range of capacity had a mean score of 3.25 meaning that on average, it was very important strategies in enabling the companies attain competitive advantage. Having a broad range of technologies had a mean score of 4 meaning that it was a highly important strategy in enabling the organisations achieve competitive advantage. The same was the case for having a broad range of services offered. It had a mean score of 4.25 implying that it was a very important strategy in enabling the companies achieve competitive advantage. Having customized services and routing flexibility had mean scores of 3.5. This could be interpreted to mean that these strategies were very important in enabling the companies to achieve competitive advantage. Lastly, variations in customer delivery schedules had a mean score of 3.25. it could therefore be attested that this was a very important strategy for the companies to gain competitive advantage.

4.4.4 Time

The study explored how aspects of time can be used to achieve competitive by the organisations. The study examined rapid service delivery and on time service delivery. Table 4.4 shows the results.

Table 4.4 Delivery of services

	Delivery of services							
	Highly important		Very Important		important		Mean	Std error
	no.	%	no.	%	no.	%		
Rapid delivery	1	25	3	75	0	0	3.25	1.35
On time delivery	2	50	1	25	1	25	3.25	2.05

From the findings in table 4.4, rapid delivery of services and having on time deliveries had mean scores of 3.25 each. It can therefore be attested that these strategies were very important to the companies in gaining competitive advantage.

4.4.5 Service Provision

The study also explored how some aspects of service provision by the mobile companies influenced competitive advantage of the mobile companies and presented the results in table 4.5.

Table 4.5 Service provision

	Service provision							
	Highly important		Very Important		important		Mean	Standard error
	no.	%	no.	%	no.	%		
Fast provision	3	75	1	25	0	0	3.75	1.287
Agreed time	3	75	0	0	1	25	3.5	1.967
Agreed amount and terms	2	50	1	25	1	25	3.25	1.462
Agreed quality	2	50	1	25	1	25	3.25	1.945
Dependable promises	1	25	2	50	1	25	3	1.16

As presented in table 4.5, adoption of fast service provision had a mean score of 3.75. Since 3.75 is a value greater than 3.5 and less than 4.5 it can therefore be interpreted to mean that they were highly important strategies for the organizations in attaining competitive advantage. Provision of services on the agreed time had a mean score of 3.5 meaning that it was a highly important strategy in enabling the companies gain competitive advantage. Having agreed terms and having agreed quality both had mean scores of 3.25 meaning that these measures were very important to the organizations for the purpose of attaining competitive advantage. Lastly having dependable promises had a mean score of 3 meaning that it was a very important strategy in enabling the company to achieve competitive advantage.

4.4.6 Know-how

The study examined how some aspects of knowledge influenced the competitive advantage of the mobile phone companies. Table 4.6 below shows the results.

Table 4.6 Know how as a competitive strategy

	Know-how							
	Highly important		Very Important		important		Mean	Std error
	no.	%	no.	%	no.	%		
Problem solving skills	3	75	1	25	0	0	3.75	1.687
Knowledge management	2	50	2	50	0	0	3.5	1.782
Creativity & experience	1	25	3	75	0	0	3.25	1.785
Learning & training	1	25	3	75	0	0	3.25	1.726
Education and skill level	1	25	2	50	1	25	3	1.830

According to the results in table 4.6, having problem solving skills had a mean score of 3.75 while knowledge in management had a mean score of 3.5. These two strategies were highly important in enabling the companies achieve competitive advantage. On the other hand creativity and experience, learning and training and education and skills had mean scores of 3.25, 3.25 and 3 respectively. This meant that these strategies were very important to the organization in enabling them to achieve competitive advantage.

4.4.7 Customer focus

The study explored how customer focus assisted companies to achieve competitive advantage. Several aspects of customer focus were examined to establish how they influenced competitive advantage. Table 4.7 shows the results.

Table 4.7 Customer focus as a competitive strategy

	Scores							
	Highly important		Very Important		important		Mean	Standard error
	no.	%	no.	%	no.	%		
Customization	2	50	2	50	0	0	3.5	1.666
Support	2	50	2	50	0	0	3.5	1.764
Customer information	2	50	1	25	1	25	3.25	1.919
After-sales follow-up	1	25	2	50	1	25	3	1.534
Customer trust (Contractual agreement)	1	25	2	50	1	25	3	1.400

From the findings in table 4.7, customization and customer support had mean scores of 3.5. This could be interpreted to mean that these strategies were highly important in enabling the companies achieve competitive advantages. Having customer information had a mean score of 3.25 meaning that on average it was a strategy that was very important to the organization in achieving competitive advantage among the organizations.

4.5 Ranking of competitive priorities

The study sought to know which competitive priorities had been adopted by the firms as more important in their struggle to gain competitive advantage. Table 4.8 below presents the results.

Table 4.8: Ranking of Competitive Priorities

	Safaricom	Airtel	Yu mobile	Orange
Competitive strategies	Cost	Quality	Cost	Cost

From table 4.8, Safaricom had adopted cost as the most important strategy gain competitive advantage. Airtel on the other hand had adopted quality as the main strategy in achieving competitive advantage. Yu mobile and Orange on the other hand had adopted cost as their main strategy in gaining competitive strategy. Since the firms could adopt several strategies at once, the researcher sought to know the importance of each competitive strategy in assisting the firms gain competitive advantage. Table 4.9 shows the results.

Table 4.9: Rating of the competitive priorities

Ratings	Safaricom	Airtel	Yu mobile	[illegible]
Excellent	Cost	Quality		
Very Important	Quality	Cost	Quality, Cost	Quality, Cost
Important	Flexibility	Flexibility	Time	Flexibility, tim
Somehow Important	Time	Time	Flexibility	

From the results in table 4.9, the competitive priorities that Safaricom considered as excellent was cost, Safaricom deemed quality as very important, flexibility as important and time as somehow important in achieving competitive advantage. Airtel on the other hand considered quality as excellent, cost as very important, flexibility as important and time as somehow important in gaining competitive advantage. Yu mobile on the other hand considered quality and cost as excellent strategies in gaining competitive strategies, time as a very important strategy in achieving competitive advantages and flexibility as a somehow. Orange mobile on the other hand considered cost and quality as excellent strategies in achieving competitive advantage and lastly flexibility and time as very important strategies in achieving competitive advantage.

5 CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1 Introduction

This chapter presents summary of the findings, draws conclusion and presents recommendations on the findings of the study. This chapter further gives recommendations for further study.

5.2 Summary of findings

The objective of the study was to establish the operation strategies adopted by the various mobile telephony operators that gain competitive advantage. The study found that low cost, improved quality, flexibility of service delivery, time of service delivery, service provision, know-how to service delivery and Customer focus. The study found that these strategies were adapted to either a great extent or a very great extent by all the mobile phone companies.

An analysis of low cost as an operational strategy yielded that 75% of the mobile telephony companies had it that low operational cost was highly important. all the companies said that low vendor cost was either very important or highly important, 50% of the telephony companies said that low quality cost was very important and low waste resource had highly important. On average all these strategies were highly important in the companies gaining competitive advantage.

An examination of relying on quality of service to gain competitive advantage by the companies the study found that 75% of the companies said that having reliable products was highly important in the companies gaining competitive advantage. A proportion of 50% of the organizations said that having good performance of products and having reliable services design was very important in the companies gaining competitive advantage.

In the adoption of flexible operations to gain competitive advantage it was found that averagely this was a very important strategy or a highly important strategy for the companies gaining competitive advantage. A proportion of 75% of the companies had it that having a broad range of products offered was highly important for them gaining competitive advantage. A proportion of 50% of the companies reported that having a broad range of capacity, having a broad range of technologies, having customized services and routing flexibility were highly important strategies in them gaining competitive advantage.

The study explored how aspects of time can be used to achieve competitive by the organisations. A proportion of 75% of the companies reported that rapid delivery of services was very important strategy that helped them gain competitive advantage. On the other hand 50% of the companies had it that on time delivery of service was a highly important strategy for the companies gaining competitive advantage.

An investigation on how some aspects of service provision by the mobile companies influenced competitive advantage of the mobile companies. It was found that 75% of the companies said that fast provision of service and provision of service in the agreed time was highly important in the companies gaining competitive advantage. On the other hand 50% of the companies had it that having agreed terms and quality were highly important strategies in gaining competitive advantage.

An exploration of aspects of know-how of the companies in gaining competitive advantage established that it was a very highly important strategy in gaining competitive advantage. A proportion of 75% of the companies reported that good problem solving skills was highly important in gaining competitive advantage. 50% of the companies said that good knowledge management skills was very important for the companies gaining competitive advantage. 75% of the companies said that creativity, experience learning and training were very important strategies in gaining competitive advantage by the companies. Lastly 50% of the companies had it that education and skill level were very important strategies for gaining competitive advantage.

The study explored how customer focus assisted companies to achieve competitive advantage. The findings reported by 50% of the companies had it that customization, support and customer information were highly important strategies in the companies gaining competitive advantage. It was reported by 50% of the employees that after sale service and customer trust was very important strategies for gaining competitive advantage

These results support Hill's (1994) proposition of order winners and order qualifiers. Hill (1994) argues that a firm may emphasize on one priority, known as the current order-winner and pursue to other priorities as order qualifiers without necessarily neglecting them. Hence the results could imply that cost is currently pursued as the order winner and the rest as order qualifiers.

5.3 Conclusion

From the study findings the study concluded that all the companies had adopted the various operational strategies to achieve competitive advantage. The competitive priority that was considered as the most important to most of the mobile phone telephony companies was cost. A total of 3 (75%) of the companies said that cost was their most important strategy in gaining competitive advantage. Only 1 (25%) company had it that quality was the most important strategy in gaining competitive advantage.

5.4 Recommendation for policy and practice

Since the study established that low cost was the operational strategy that was largely adopted by the companies to gain competitive advantage, the study recommends the firms to adopt high quality, speedy delivery of service and flexibility as well as the main operational strategies besides low cost. It is, therefore pertinent that, telecommunication firms treat these priorities seriously as they come up with operation strategies so as to enhance business success.

Telecommunication firms should give more support to the operation and let it play the pivotal role in the formulation, implementation, monitoring and evaluation of the firms undertaking. For any telecommunication firm to be successful in the market place, they need to focus on the following ranked priority: cost, quality, flexibility and time. They need to have supportive systems and train its employees on the various aspects of competitive priorities. One way of doing this is to make cost everyone's responsibility and not just people in operation department. Managers should train, hire qualified personnel and review processes as the best way to attain low cost.

5.5 Limitations of study

There were two major limitations that limited the findings of the study. One of the limitations of the study was that the study had little funds. This limitation was however overcome by the study involving few research assistants and maximizing the services of the research assistants

The other limitation of the study was that the study was conducted over a very short period of time. This limitation was however overcome by the study doing a proper field coordination that made the study to be effectively conducted over a very short period of time.

5.6 Suggestion for further study

The study suggests that future researchers should conduct a correlation study to establish the relationship between the operational strategies and the performance of the organization it terms of revenue and profitability

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APPENDICES

APPENDIX 1: INTRODUCTORY LETTER

Dear Respondent.

I am a postgraduate student at the University of Nairobi, at the School of Business. As part of my course work assessment, I am required to submit a management research project. In this regard, I am undertaking a survey on operational strategy adopted by mobile telephony service providers to gain competitive advantage.

The information you provide will be used exclusively for academic purposes. My supervisor and I assure you that the information you give will be treated with strict confidentiality. A copy of the final paper will be availed to you upon request. Your assistance will be highly appreciated.

Thank you in advance,

Yours Sincerely,

....	....
CHEBOI ANNE JEPKOKEI	MR. GERALD ONDIEK
MBA Student	**University Supervisor**

APPENDIX 2: QUESTIONNAIRE

Instructions

Please provide the answers as correctly and honestly as possible.

Section 1: Demographic Information

i) Name of Company

____

ii) In which department/division do you work?

____

iv) What is your position in the department/division?

____

iv) How long have you worked with the company.

____

Section 2: Operation Strategy and Competitive advantage

1. Does your organization have an operation management department / section?

____

2. If your answer in (1) above is Yes, what role does the operation department play? Please explain

____

____

____

3. What mobile telecommunication services do you offer? (Please tick)

Voice [ ]

Data [ ]

Mobile money transfer [ ]

Others, please specify

____

____

____

4. List any operation strategies adopted by your firm

____

____

____

____

5. To what extent has your company adopted the following operation strategy to the overall company strategy therefore gaining competitive advantage from them?

Key:			
	1 Point	–	Not Important
	2 Points	–	Important
	3 Points	–	Very Important
	4 Points	–	Highly Important
	5 Points	–	Excellent

Cost	1	2	3	4	5
Low operational costs					
Low vendor costs					
Low quality costs					
Low waste resources cost					
Others					
Quality	1	2	3	4	5
Low installation error rate					
Performance of products					
Reliability of products					
Reliability of services design					
Others					
Flexibility	1	2	3	4	5
Broad range of products offered					
Broad range of capacity					
Broad range of technologies					
Broad range services offered					
Customize Services					
Routing flexibility					
Variation in customer delivery schedule					
Others					
Time	1	2	3	4	5
Rapid delivery					
On time delivery					
Others					
Service Provision	1	2	3	4	5
Fast provision					
Agreed time					
Agreed quality					

Agreed amount and terms					
Dependable promises					
Others					
Know-how	1	2	3	4	5
Knowledge management					
Creativity & experience					
Learning & training					
Problem solving skills					
Education and skill level					
Others					
Customer focus	1	2	3	4	5
After-sales follow-up					
Customization					
Support					
Customer information					
Customer trust (Contractual agreement)					
Others					

6. Out of the four major competitive priorities generally which one does your firm treat as more important in the struggle to gain competitive advantage?

Cost [ ] Time [ ]

Flexibility [ ] Quality [ ]

7. If in above, your firm applies more than one competitive priority, how can you rate them

Competitive priority	**1**	**2**	**3**	**4**	**5**
Quality					
Cost					
Flexibility					
Time					

Key: 1 Point – Not Important

2 Points – Important

3 Points – Very Important

4 Points – Highly Important

5 Points – Excellent