

**COMPETITIVE STRATEGIES ADOPTED BY AIRTEL KENYA**

**BY**

**ALFA E. SANDE**

**A RESEARCH PROJECT SUBMITTED IN PARTIAL  
FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE  
OF MASTER OF BUSINESS ADMINISTRATION (MBA),  
SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI**

**JUNE, 2014**

## 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.....

Alfa Ejaika Sande

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

Signature.....Date.....

Eliud Mududa  
Lecturer  
School of Business  
University of Nairobi

## **ACKNOWLEDGEMENTS**

It is not possible to prepare a project report without the assistance and encouragement of other people. This one is no exception. On the very onset of this project, I would like to acknowledge my wife's unwavering encouragement and financial support without which I would not have made headway in my MBA course.

I am thankful and acknowledge with a deep sense of reverence the presence of God in every step I have taken in my life and for giving me strength to plod on despite my constitution wanting to give up and throw in the towel, thank you so much Dear Lord: Proverbs 3:5-6.

I am indebted to my Supervisor, Mr. Eliud Mududa for his guidance in accomplishing this assignment. To my work colleagues for the assistance that made it possible for me to attend my MBA classes and complete my course successfully.

I would like to thank my parents for their constant support and encouragement during my MBA sojourn.

My deepest gratitude to my wife Njeri for the patience and support; to my daughters Andia, Imali, Wanjiru and son Mudanya, for their understanding when I had to attend evening classes and come home after their bedtime.

Any omission in this brief acknowledgment does not mean lack of gratitude.

## **DEDICATION**

This work is dedicated to my loving and beautiful wife Njeri SANDE who is my reward in life.

## TABLE OF CONTENTS

DECLARATION.....	ii
ACKNOWLEDGEMENTS .....	iii
DEDICATION.....	iv
LIST OF FIGURES .....	vii
ABBREVIATIONS AND ACRONYMS.....	viii
ABSTRACT.....	ix
CHAPTER ONE: INTRODUCTION .....	1
1.1 Background Of The Study .....	1
1.1.1 Concept Of Strategy .....	2
1.1.2 Competitive Strategies.....	3
1.1.3 The Mobile Network Operator Industry Kenya .....	4
1.1.4 Airtel Kenya .....	6
1.2 Research Problem .....	9
1.3 Research Objective .....	11
1.4 Value Of The Study .....	11
CHAPTER TWO: LITERATURE REVIEW.....	12
2.1 Introduction.....	12
2.2 Theoretical Foundation .....	12
2.3 Competitive Strategies And Competitive Advantages.....	14
2.4 Sustaining Competitive Advantage .....	17
2.5 Competitive Strategy Analysis Tools .....	17
CHAPTER THREE: RESEARCH METHODOLOGY .....	19
3.1 Introduction.....	19
3.2 Research Design .....	19
3.3 Data Collection .....	19
3.4 Data Analysis.....	20
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION .....	21
4.1 Introduction.....	21
4.2 Respondents Profile .....	21
4.3 Data Analysis And Results .....	22
4.4 Competitive strategy Analysis At Airtel Kenya Based On Responses.....	23
4.4.1 Low Cost Provider Strategy.....	23
4.4.2 A Broad Differentiation Strategy .....	24

<b>4.5 Combining Competitive Strategy with Strategic Responses.....</b>	<b>24</b>
<b>4.6 Discussions .....</b>	<b>26</b>
<b>CHAPTER FIVE: SUMMARY, CONCLUSIONS AND</b>	
<b>RECOMMENDATIONS.....</b>	<b>29</b>
<b>5.1 Introduction.....</b>	<b>29</b>
<b>5.4 Conclusion .....</b>	<b>31</b>
<b>5.4 Recommendations .....</b>	<b>32</b>
<b>5.5 Recommendations For Further Research .....</b>	<b>33</b>
<b>5.6 Limitations Of The Study.....</b>	<b>34</b>
<b>REFERENCES.....</b>	<b>35</b>
<b>APPENDICES .....</b>	<b>39</b>
<b>APPENDIX I: LETTER OF INTRODUCTION .....</b>	<b>39</b>
<b>APPENDIX II: INTERVIEW GUIDE .....</b>	<b>40</b>

## **LIST OF FIGURES**

Fig 1: Gaps and Weaknesses Assessment Process.....	8
Fig 2: A Model Of Competitive Advantage.....	16

## **ABBREVIATIONS AND ACRONYMS**

CA	Competitive Advantage
SCA	Sustainable Competitive Advantage
CCK	Communication Authority of Kenya
VAS	Value Added Services
GDP	Gross Domestic Product
RBV	Resource Based View
ROIC	Return on Interrupted Capital
VASP	Value Added Services Providers
MVAS	Mobile Value Added Services
MVNO	Mobile Virtual Network Operators
TDM	Time Division Multiplexing
VoIP	Voice over Internet Protocol



## ABSTRACT

A firm's competitive positioning is an important topic for practitioners, theorists, and policy makers. The framework that guides competitive positioning decisions is called competitive strategy. The purpose of a firm's competitive strategy is to build a sustainable competitive advantage over its competitors. Competitive strategy defines the fundamental decisions that guide the organization's marketing, financial management and operating strategies. Competitive strategy researchers seek to answer three fundamental questions: (a) what constitutes an effective strategy's (b) how are strategies implemented in an organization, and (c) how can a strategy's effectiveness be evaluated? Three corresponding themes, namely, strategy formulation, execution or implementation, and evaluation or control, are prevalent throughout the competitive strategy literature. Competitive strategy often results in an organization adopting strategic change in the way it conducts its business. Strategic change can improve an organization's ability to adapt to its environment by forcing healthy changes within the business. Organizations that maintain strategic consistence over time may become stagnant, limiting the creativity and potential contributions of their human resources. However, even when strategic change results in a successful new product or services, no assurance exists that the success is sustainable. Competitors may imitate the firm, manipulate consumer perceptions, and reap the benefits of the initial strategic change.

Kenya's mobile network operator industry has great potential for growth because of its previous low penetration levels in both fixed and mobile markets. In the last ten years the industry has undergone significant changes, with the incumbent operator Telkom Kenya losing its monopoly in the fixed-line and internationals band width sectors. Licenses were issued to a regional carrier, third mobile operator and several new data carriers, thereby marking a significant change in the competitive landscape for mobile network operator services across the country. The last five years has seen rapid growth due to new players entering the market, the introduction of 3G services by the telcom operators and, very recently, duty being waived on new mobile handsets and the allowance of number portability.

The objective of this study was to identify and understand the competitive strategies adopted by Airtel Kenya which is the second largest mobile network operator in Kenya. In order to achieve the objective of the study, a case study research design was adopted. An interview guide used to facilitate data collection advantage over its rivals. The data obtained during interviews guided by the interview guide was analyzed qualitatively using content analysis. The study established that the organizations competitive strategies that gave it a competitive advantage over its rivals were those it implemented in its physical infrastructure, technology, market research, innovation and manpower development.

# **CHAPTER ONE: INTRODUCTION**

## **1.1 Background Of The Study**

Organizational results are the consequence of the decisions made by its managers. The framework that guides and focuses these decisions is strategy. The framework that guides competitive positioning decisions is called competitive strategy. A competitive strategy is a long term action plan that is devised to guide a company gain a competitive advantage over its rivals. Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it outperform its competitors. Porter (1960) identified two basic types of competitive advantage; Cost advantage and differentiation advantage. A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing (differentiation advantage).

Concepts of competitive strategy and competitive advantage have a foundation in the Resource Based View (RBV) and Dynamic Capabilities theories. The Resource-Based View (RBV) is a model that sees resources as key to superior firm performance. This view stipulates that organizations should look inside the company to find the sources of competitive advantage instead of looking at the competitive environment for it. The theory postulates that it is much more feasible to exploit external opportunities using existing resources in a new way rather than trying to acquire new skills for each different opportunity. The concept of dynamic capabilities (Eisenhardt and Martin, 2000; Teece et al., 1997) has evolved from resource-based view (RBV) of the firm (Barney, 1986, 1991; Wernerfelt, 1984). RBV proponents

argue that simultaneously valuable, rare, inimitable and non-substitutable resources can be a source of superior performance, and may enable the firm to achieve sustained competitive advantage (Barney, 1991).

The researcher sought to identify and examine the competitive strategies that are adopted by Airtel Kenya as the subject of a case study. A case is a descriptive research design that involves a study of one entity, in this case Airtel Kenya.

### **1.1.1 Concept Of Strategy**

Strategy can be defined as a firm's positioning to gain a competitive advantage in the marketplace (Porter, 1996). A strategy is always to secure organizational effectiveness by performing the right activities at the right time and to achieve the right fit with the external environment. The top management of an organization is concerned with the selection of a course of action from among different alternatives to meet the organizational objectives. The process by which objectives are formulated and achieved is known as strategic management and strategy acts as the means to achieve the objective. Strategy is the 'plan' which an organization chooses in order to move or react towards the set of objectives by using its resources. Strategies most often devote a general program of action and the deployment of resources to attain objectives. An organization is considered efficient and operationally effective if it is characterized by coordination between objectives and strategies. There has to be integration of the parts into a complete structure. Strategy helps the organization to meet its uncertain situations with due diligence. Without a strategy, the organization is like a ship without a rudder. Without an appropriate strategy effectively

implemented, the future is always uncertain, and the chances of business failure are higher.

Strategy is the determination of basic long term goals and objectives of an enterprise and the adoption of the courses of action and the allocation of resources necessary for carrying out these goals (Chandler, 1960). This definition provides for three types of actions involved in strategy namely the determination of long term goals and objectives, the adoption of courses of action and the allocation of resources. Strategy can also be defined as an organization's pattern of response to its environment over a period of time to achieve its goals and mission. This definition lays stress on an organizations pattern of response to its environment and its objective to achieve organizational goals and missions. A well formulated strategy guides managerial action and thought. It provides an integrated approach for the organization and its aids in meeting the challenges posed by the environment.

### **1.1.2 Competitive Strategies**

Competitive strategy refers to how a company competes in a particular business. Competitive strategy is concerned with how a company can gain a competitive advantage through a distinctive way of competing. It is important to note the distinction between competitive Advantage (CA) and Sustainable Competitive Advantage (SCA). A company is said to have a competitive advantage over its rivals when its profitability is greater than the average profitability of all other companies competing for the same set of customers. A company has a sustained competitive advantage when its strategies enable it to maintain above-average profitability for a number of years. To be sustainable, the competitive advantage must be distinctive and proprietary.

There are two basic types of competitive advantage a firm can possess; low cost or differentiation. The two basic types of competitive advantage combined with the scope of activities for which a firm seeks to achieve them, lead to three generic strategies for achieving above average performance in an industry; cost leadership, differentiation, and focus. In cost leadership, a firm sets out to become the low cost producer in its industry. The sources of cost advantage are varied and depend on the structure of the industry. They may include the pursuit of economies of scale, proprietary technologies, preferential access to raw materials and other factors. In a differentiation strategy, a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price.

The generic strategy of focus rests on the choice of a narrow competitive scope within an industry. The focuser selects a segment or group of segments in the industry and tailors its strategy to serving them to the exclusion of others.

### **1.1.3 The Mobile Network Operator Industry Kenya**

Mobile telephones were first introduced in the Kenya market in 1992, but the real diffusion of this technology and of affordable services started in 1999 when the Communication Commission of Kenya (CCK) was established and the newly privatized companies, Safaricom and Ken Cell (now Airtel Kenya) were licensed by CCK to provide mobile services. Kenya is currently ranked among the most advanced countries in the field of telecommunication industry in Africa. Available

literature indicates that by the year 2012, more than 80% of Kenyans were covered by mobile network signals.

The mobile industry is among the fastest growing industries in Kenya. According to the Communications Commission of Kenya (CCK), by the end of 2010 there were 22 million registered mobile cell phone subscribers with a projected growth rate of 9.5% per annum. The penetration rate of mobile phones in Kenya is 63%. The players in the industry, the Communications Commission of Kenya (CCK) - the regulatory body, the mobile network service providers, the Value Added Services (VAS) companies – the businesses using mobile commercial products and the consumers.

The mobile industry's rapid growth can be credited to the convenience and affordability of using the mobile cell phone. When the first mobile phones were introduced in the country in the 1990's, they were considered accessories for the rich, but that has all changed. A cell phone now costs as little as Kshs. 1,000 compared to the Kshs. 20,000 when it was first launched in Kenya. It is now possible to communicate for as little as Kshs. 1 for an SMS, carry out a financial transaction for Kshs. 10 and pay for goods at a supermarket using your mobile phone. The mobile telephone industry in Kenya covers: Mobile voice data services, high speed broadband Internet access provision, and telecommunication solutions for business enterprises and mobile transfer services. The mobile industry in Kenya has either directly or indirectly had an impact in the lives of most people in the country.

There are currently four mobile telephone networks in Kenya namely Safaricom, Airtel, Telcom-Orange and Yu. Safaricom Ltd, is the leading mobile network

operator in Kenya in terms of revenue and customer base. According to the CCK quarterly report (2010) Safaricom subscriber base was approximately 19.8 million, by December 2012. Airtel Kenya Ltd. Is the second largest mobile network operator in Kenya in terms of revenue and customer base. According to the CCK quarterly report (2012) Airtel Kenya had a subscriber base of over 5.2 Million by December 2012. Orange-Telkom is the third largest mobile network operator in Kenta in terms of revenue and customer base. According to the CCK quarterly report (2012) orange-Telcom had a subscriber base of over 3.2 Million subscribers by December 2012. Essar Telcom which operates under the brand name “yuMobile” is the smallest mobile network operator in Kenya in terms of revenue and customer base. According to the CCK quarterly report (2012) Yu Mobile had a subscriber base of over 2.4 Million by December 2012.

#### **1.1.4 Airtel Kenya**

Airtel Kenya us a subsidiary of Bahari Airtel an Indian Multinational telecommunications Services Company headquartered in New Delhi, India. Bharti Airtel id the world’s second largest mobile telecommunications company by subscribers, with over 275 million subscribers as of July 2013. Airtel as it is commonly known is the Second largest in-country mobile operator by subscriber base, behind China Mobile. Airtel operates in 20 countries in the African continent. It is subsidiary in Kenya, Airtel Kenya, is primarily a mobile telephone and data service company which provides mobile network, internet access and money transfer services (Airtel Money). Airtel Kenya Ltd. Was launched in Kenya in 2000 as Kencell and rebranded to Zain in 2008 and finally Airtel in 2010. These changes in

name were occasioned by changes in ownership of the company. Its current name Airtel Kenya was adopted after Bharti Airtel bought out the Africa mobile operations of Kuwaiti telecommunications firm Zain. In Kenya, Airtel is the second largest mobile phone operator in terms of subscriber base after Safaricom. This study aims to shed light on the competitive strategies adopted by Airtel to obtain a sustainable competitive advantage over its rivals in the Kenyan telecommunications market.

Airtel has adopted certain competitive strategies and possesses some industry advantages over its rivals. Some of these strategies are: strategic outsourcing and renting of infrastructure, international brand value and industry economies of scale (industry advantage). As regards strategic outsourcing, the company has entered into service contracts with its network-equipment and IT network vendors, which involves payments for capacity utilization only, and no payment for the equipment. This was an innovative decision which changes the business model in the industry by converting capital expenditure to a variable cost. This move has two benefits, First, it allowed the organization to focus on what it knew best: understanding customer needs and building a strong brand. Secondly, as the backbone of the entire worldwide telecom network moved from TDM to VoIP technology, it could avoid writing off millions of dollars of legacy equipment like competitors. As a result, it could achieve low-cost operations without sacrificing quality of services. Airtel development a sustainable competitive advantage through renting out of its infrastructure which was possible due to its network of telcom towers. In many locations, newer entrants found it cheaper to rent Airtel's existing infrastructure rather than setup new towers. As a result, the organization could retain a cost advantage by charging more from its competitors than its own costs. An internationally recognized brand name is a source



of competitive advantage for Airtel Kenya. Bahrti Airtel which is the parent company of Airtel Kenya is the world second largest mobile telecommunications company by subscriber base, with over 275 million subscribers across 20 countries after China Mobile. This is a competitive advantage that is not easy to replicate.

Managing the development and implementation of competitive strategy requires that managers at Airtel Kenya assess what resource gaps exist and that must be filled to ensure that the company's present strategy is competitive. In particular, the senior management analyze what advantages or core competencies in critical activities. The assessments of gaps and weaknesses of competitive advantages at Airtel Kenya us critical to the firm's competitiveness. Figure 1 illustrates the managerial thinking during the gaps and weaknesses assessment process.

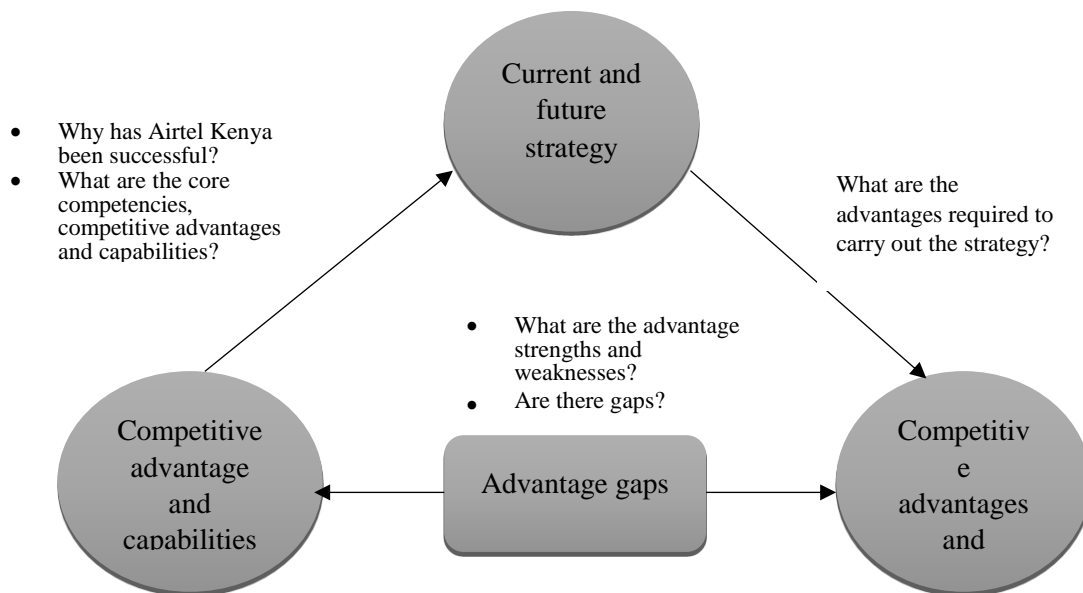


Fig 1: Gaps and weaknesses assessment process (Source:<http://Africa.airtel.com>)

- What are the necessary changes in competitive advantages or capabilities?
- Can the necessary advantages be developed internally?
- Are the advantages within reach?
- How and by whom will the changes be implemented?
- Does the strategy and competitive advantage need to be rethought?

## 1.2 Research Problem

Research studies on competitive strategies adopted in the global mobile telephony industry carried out by Accenture (2012), showed that operators will need to create competitive differentiation by either controlling the costs of their network and technology platforms, developing collaborative business models to share costs and drive new capabilities and driving innovation or developing new and distinctive customer value propositions. Corrocher and Lasio (2013) in their research paper 'Diversification strategies in network-based services' stated that most successful mobile network operators are those characterized by the ability to find a perfect match between their core competencies (large network management, strong brand reputation) and the needs of specific segments of demand that had not been previously fulfilled.

A research paper on determinants of International Telecommunication Alliances (Tsaichen,2013) indicated that host governmental restrictions exerts greater influence that inter-firm trust on the choice of alliance by mobile network companies. Mobile network companies tend to develop non-equity alliances when governmental restriction is strong. In addition, they tend to develop equity and relational alliances when inter-firm trust in high. This research paper provides three managerial suggestions. First, when international mobile network firms establish alliances in emerging markets, they should primarily evaluate host governmental restrictions, and second assess inter-firm trust. In addition, if local mobile network companies intend to build relational and equity alliances to acquire international mobile network technology and marketing know-how, they should enhance inter-firm trust with them.

Lastly, when host governments attempt to attract foreign equity investment, they should remove restrictions. Karabag and Berggren (2011) in their research paper ‘Mobile communications in Turkey; from first mover advantages to management capabilities’, suggest that initial order of entry and network effects create strong first-mover advantages for mobile network operators.

The Kenya telecommunications market is constantly expanding due to liberalization, government support and support and product and service innovation. This increasing growth, service and product innovation cultivates an evolving competitive landscape which calls for continuous strategic competitive analysis by players in the industry. The competitive strategies adopted by Airtel Kenya in an attempt to successfully position itself in the Kenyan telecommunications industry after undergoing ownership and management changes form the basis of the research problem in this study. In the Kenyan mobile network operator industry, ingenuity, innovation, and cost control will assist players in the industry to remain competitive. Government regulations are evolving quickly, which increases the fluidity of competitive strategies. Overall, the mobile network industry is in a state of continuous technological and economic flux driven by intense competition and new technologies. This ever changing competitive landscape in the mobile industry establishes an ever present research gap in competitive strategies adopted by industry players. This research study will be limited to examining the competitive strategies adopted by the second largest mobile network operator in Kenya, Airtel Kenya. The study research question is: do the competitive strategies adopted by Airtel Kenya create sustainable competitive advantages for the firm?

### **1.3 Research Objective**

The objective of the study is to determine the competitive strategies adopted by Airtel Kenya.

### **1.4 Value Of The Study**

This research study would benefit mobile phone users, mobile network operators, the Communications Commissions of Kenya and the research fraternity. Mobile telephone users would benefit from this study as they will appreciate the reason behind the competitive choices Mobile network operators make. Airtel Kenya is intended as the main beneficiary of this study as the study would provide information on its competitive strategic strengths, weakness, opportunities and threats in the Kenyan mobile network industry. The study will also provide useful information to prospective new entrants in the Kenyan mobile network industry.

The Communications Commission of Kenya, the local telecommunications regulatory body will benefit as this study will enhance its appreciation of the reasons behind competitive strategies adopted by mobile network operators and this would guide them in policy formulation and implementation.

This study is also intended to enrich and expand on the theoretical foundations of competitive strategy and competitive advantage. For future researchers, this study can provide baseline information on the recent status of Airtel and the Kenyan mobile telephony industry at large.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter reviews available literature on competitive strategies. It also describes the positioning structure for the information of competitive strategy. The chapter presents an incorporated competitive strategy process which is useful in developing competitive strategy in a mobile company. This chapter will also review literature on the competitive strategies adopted ad Airtel Kenya which is the subject of this case study.

### **2.2 Theoretical Foundation**

The theoretical foundations of this study are the Resource Based View (RBV) and Dynamic Capabilities theories. The RBV suggests that he resources possessed by a firm are in the primary determinants of its performance, and these may contribute to a sustainable competitive advantage of the firm (e.g., Hoffer & Schendel, 1978; Wenerfelt, 1984). According to Barney (1991), the concept of resources includes all assets, capabilities, organizational processes, firm to conceive of and implement strategies that improve its efficiency and effectiveness (Barney, 1991; Daft, 1983). In the early stage of the RBV, the main concern was to identify the characteristics of resources that are not subject to imitation by competitors. If the resources possessed by a firm can easily be replicated by competitors, even though the resources are the source of competitive advantage of the firm, then the advantage will not last long. Dierickx & Cool (1989a) describe how the sustainability of a firm's asset position

hinges on how easily its resources can be substituted or imitated, and imitability is linked to the characteristics of the asset accumulation process.

Dynamic capabilities theory examines how firms integrate, build and reconfigure their internal and external firm-specific competencies into competencies that match their turbulent environment (Teese, Pisano & Shuen, 1997). The theory assumes that firms with greater dynamic capabilities will outperform firms with smaller dynamic capabilities. The aim of the theory is to understand how firms use dynamic capabilities to create and sustain a competitive advantage over other firms by responding to and creating environmental changes (Teece, 2007). Capabilities are a collection of high-level, learned, patterned, repetitious behaviors that an organization can perform better relative to its competition (Nelson & Winter, 1982; Winter, 2003). Organizational capabilities are called “zero-level” (or “zero-order”) capabilities, as they refer to how an organization earns a living by continuing to sell the same product, on the same scale, to the same customers (Winter, 2003, p. 1991).

Dynamic capabilities are called “first-order” capabilities because they refer to internationally changing the product, the production process, the scale, or the markets served by the firm (Winter, 2003). An organization has dynamic capabilities when it can integrate, build, and reconfigure its internal and external firm-specific capabilities in response to its changing environment. For example, whereas organizational capabilities have to do with efficient exploitation of existing resources, dynamic capabilities refer to efficient exploration and implementation of new opportunities (March, 1991).

The research study will contribute to the understanding and appreciation of the Resource Based View and Dynamic Capability theory's. The study will also explore whether competitive strategy does indeed create competitive advantage for Mobile

Network Operators and the effect that the adoption of competitive strategies has on the Mobile Network Operator industry in Kenya and in the East Africa Region as a whole.

### **2.3 Competitive Strategies And Competitive Advantages**

Competitive strategy is concerned with creating and maintaining a competitive advantage in each and every area of business. It is concerned with the firm's actions that make the firm outperform its competitors. Porter's (1980) generic competitive strategy is one of the most well-known strategies involving three elements: (a) cost leadership, a firm's goals to meet low cost in its industry, (b) differentiation, a firm prospects becoming unique and different in its market, and (c) focus, a firm engages in focusing on particular buyers, product lines, or markets.

The key to competitive strategy formulation lies in understanding and overcoming the environmental barriers that obstruct the attainment of organizational goals. An effective competitive strategy recognizes these barriers and develops decisions and choices that circumvent them. According to the Competitive Strategy Model (Three Sigma Inc. 2003), three basic competitive strategic approaches are possible. The first one, the Offensive Strategy – involves overcoming the barriers to goal achievement by changing the systemic relationships creating them. This strategy often requires significant capital investment and includes the following options: (a) Changing or altering the competitive structure or environment in your industry (forward or backward integration, acquiring competitors, etc.) ; (b) Anticipating industry competitive structural change and positioning your organization to exploit this change before others recognize it (developing substitute products, changing the mode of sales

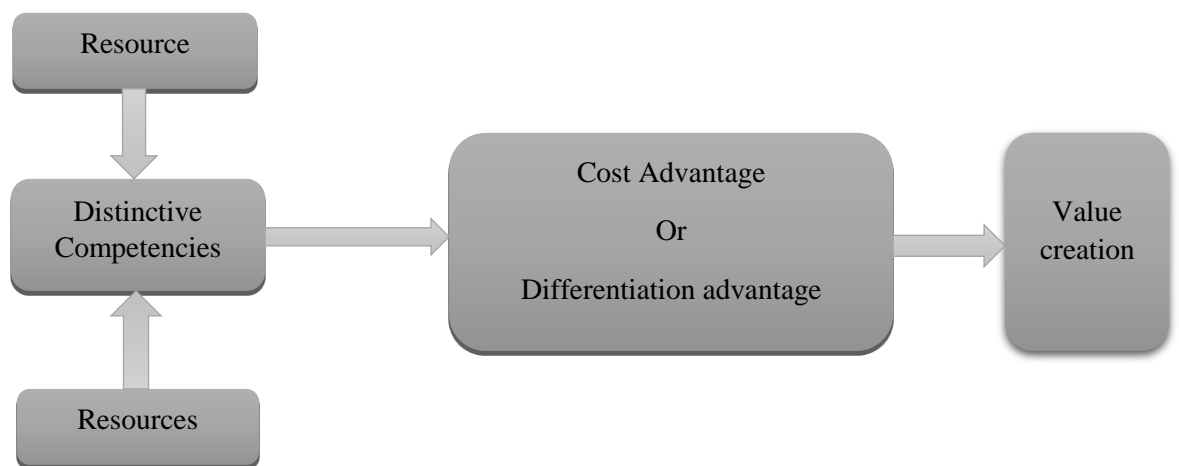
and distribution, etc.); (c) Diversifying into more attractive markets. The second one, Defensive strategy – involves accepting the industry competitive forces as a given and positioning your organization to best defend against them. This could include harvesting and selling the business before environmental to competitive conditions cause its value to drop. The third one, Guerilla or niche strategy – involves minimizing or neutralizing barriers by reducing the size of the playing field and taking an offensive position in a smaller, more attractive segment.

One effective technique for analyzing firms competitive strategies is porter's Five Forces Model of Industry competition. The 5-forces analysis is a widely used approach to examine the competitive forces in a firms external environment. This model provides a framework to examine an industry as being influenced by five forces which are: The threat of New Entrants; The bargaining power of Buyers; The availability of substitutes; The bargaining of power of Suppliers; Rivalry among existing firms. These five competitive forces help shape every single industry and market and the model is used to analyze the intensity of completion and the profitability and attractiveness of an industry.

Competitive advantages evolve from the resources available to the firm or its capabilities. Resources are physical assets such as land, equipment, buildings and cash. Intangible resources include patents and trademarks, propriety know-how, installed customer base and the reputation of the firm. Capabilities refer to the firm's ability to utilize its resources effectively. An example of a capability is the ability to bring a product to market faster than competitors. The firm's resources and capabilities together form its distinctive competencies. These competencies enable



innovation, efficiency, quality, and customer responsiveness, all of which can be leveraged to create a cost advantage. Porter (1990) postulated that the basis of above-average performance within an industry is sustainable competitive advantage; cost advantage and differentiation advantage. A competitive advantage exists when the firm is able to deliver the same benefits as competitors but at a lower cost (cost advantage), or deliver benefits that exceed those of competing products (differentiation advantage). Thus, a competitive advantage enables the firm to create superior value for its customers and superior profits for itself. The following diagram illustrates the concept of competitive advantage.



*Fig 2.4: A model of competitive advantage. Source: Porter (1998)*

At the most fundamental level, firms create competitive advantage by perceiving or discovering new and better ways to complete in an industry and bringing them to market which is ultimately an act of innovation. Innovations shift competitive advantage when rivals either fail to perceive the new way of completing or are unwilling or unable to respond.

At the level of competitive strategy implementation, competitive advantages grows out of the way firms perform discrete activities – conceiving new ways to conduct activities, employing new procedures, new technologies, or different inputs, Porters “Value Chain” concept illustrates how activities build competitive advantage. The value chain is a systematic way of examining all the activities a firm performs and how they interact. A firm gains competitive advantage by performing these strategically important activities more cheaply or better than its competitors. Competitive advantage is borne out of the successful implementation of competitive strategy.

## **2.4 Sustaining Competitive Advantage**

Porter (1990) outlines three conditions for the sustainability of competitive advantage. The first one he termed as “Hierarchy of source’ – durability and imitability. This refers to the lower-order advantages such as low labor cost which may be easily imitated, while higher order advantages like proprietary technology, brand reputation, or customer relationships require sustained and cumulative investment and are more difficult to imitate. The second one he termed ‘Number if distinct sources’ which implies that many advantages are harder to imitate than few. The third condition he referred to as ‘Constant improvement *and* upgrading’ – which implies creating new advantages at least as fast as competitors replicate old ones.

## **2.5 Competitive Strategy Analysis Tools**

One of the key skills of a strategic analyst is in understanding which tools or techniques are most appropriate to the objectives of the analysis. The commonly used strategic tools are SWOT Analysis, PEST Analysis, Porters Five Forces Framework and Value Chain Analysis.

A SWOT analysis is a widely used tool that helps in understanding the strengths, weaknesses, opportunities and threats involved in a project or business activity. It starts by defining the objective of the project or business activity and identifies the internal and external factors that are important to achieving that objective. Strengths and weaknesses are usually internal to the organization, while opportunities and threats are usually external.

PEST analysis involves a scan of the external macro-environment in which an organization exists. It is a useful tool for understanding the political, economic, socio-cultural and technological environment that an organization operates in.

According to Porter (1980) the five forces influence the intensity of competition in a particular industry, and therefore the profitability of the firms within the industry are the degree of rivalry (competition), the threat of new entrants, the threat of substitutes, buyer power (to demand lower prices) and supplier power (to increase material prices). The Five Forces define the rules of competition in any industry. Competitive strategy must grow out of a sophisticated understanding of the rules of competition that determine an industry's attractiveness.

Before making a strategic decision, it is important to understand how activities within the organization create value for customers. One way to do this is to conduct a value chain analysis. In the analysis, the organization's activities are divided into separate sets of activities that add value. The organization can more effectively evaluate its internal capabilities by identifying and examining each of these activities. Each value adding activities is considered to be a source of competitive advantage.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter covers a description design, data collection and data analysis methods that were used in the study. Research methodology is a collective term for the structured process of conducting research. The term is usually considered to include research design , data collection and data analysis.

### **3.2 Research Design**

The research design was a case study. This is a scientific study done to describe a phenomena or an object. According to Brown *et al* (2003), research design provides the glue that holds the research project together. This is a scientific study done to describe a phenomenon or an object.

In this case, the study phenomenon is competitive strategy practices at Airtel Kenya Ltd. This kind of study involves rigorous research planning and execution and involves answering of research questions. It involves an extensive well-focused literature review and identification of the existing knowledge gaps. The method is preferred as it permits gathering of data from the respondents in natural settings. In this case, it will be possible for the researcher to administer the data collection tools to the respondents in their workstations, with high likelihood of increasing the response rate.

### **3.3 Data Collection**

Face to face interviews were used to collect primary data for this research. Primary data is information collected by the researcher directly through instruments such as surveys, interviews, focus groups or observation. Primary data provides the

researcher with the most accurate and up-to-date data. Secondary was collected from already existing records such as journals, newsletters on Airtel Kenya, the internet and audited accounts to determine the trends in performance. Secondary data is primary data collected by someone else. Researchers reuse and repurpose information as secondary data because it is easier and less expensive to collect. However, it is seldom as useful and accurate as primary data.

Data collection is the most important part of the whole research process as about 75% of the study depends on the data collected. An interview guide which forms Appendix II of this research paper was used to collect primary data by way of interviews. The interview respondents were senior, middle level and junior managers drawn from the Finance Marketing Operations and Technical departments.

### **3.4 Data Analysis**

The data obtained using the interview guide was qualitative and was analyzed using Content Analysis. Content analysis is a systematic analysis of the content rather than the structure of a communication to determine the objective or meaning of the communication. It allows analysts to make inferences about the characteristics and meaning of written and other recorded material. This mode of analysis was adopted for this study because it allowed the researcher to describe and interpret the subject matter of the research all of which was difficult to do numerically. The themes that were used in the analysis were broadly classified into two: competitive strategies of the firm and how the firm has implemented its competitive strategies in order to achieve sustainable competitive advantage(s).

## **CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION**

### **4.1 Introduction**

In this chapter, the results of the data analysis are presented. The data was collected and then analyzed in response to the research objective which was to determine the competitive strategies adopted at Airtel Kenya. The findings presented in this chapter demonstrate the potential for merging and practice.

### **4.2 Respondents Profile**

This section covers the demographic information which was to establish the respondents' educational and professional background, respondents' current position in the organization, and the duration the respondents comprised of management staff in the marketing, sales, finance, operations and Information Technology departments. In total the respondents were twelve in number. The study, in an effort to ascertain the respondents; competence and conversance with matters regarding Airtel were asked questions on their highest level of education. The study found that all the respondents had university degrees with five of them also having attained master's degrees. The researcher also inquired on the number of years that the respondents had worked for the organization. According to their responses, all of them had worked for the organization for the last five years. This responses show a sufficient level of education to understand the concepts of strategy, competitive strategy and competitive advantage.

### **4.3 Data Analysis And Results**

Data Analysis in this study involved analyzing data collected from the literature review and interviews conducted during the research process. The analysis and interpretation of interview data for this research required a great deal of judgment and interpretation. As with other types of analysis, the nature of the analyses of data collected was determined by the research question and the objective of the study.

When analyzing data from the interviews, the researcher who was both the interviewer and analyst was interested in observing how participants reacted to the various question and stimuli that were presented to them. The researcher needed to be sensitive to situations in which participants' expressions reflected social desirability influences, pressure to conform to groupthink, or the persuasive effects if a managerial position. The analysis was aware of and sought to solve individual responses that were inconsistent. During the interviews, the researcher allocated blocks of time to the topics that were being covered. Some questions that were anticipated to elicit extensive discussion fell flat and yielded pithy sound bites from indifferent respondents. Conversely, minor or transitional questions sometimes stimulated lengthy responses. The analysis of the interview data was also generalized using such as most, very few, and the majority. When analyzing data from the interview results, the researcher used the coding system of content analysis. Coding allows the researcher to reduce large quantities of information into a form that can be more easily managed. The analysis began with the labeling of data as to its source, how it was collected and the information it contains.

#### **4.4 Competitive strategy Analysis At Airtel Kenya Based On Responses**

Based on the data collected it is evident that Airtel Kenya has applied various competitive strategies in order to apply competitive advantage. There are several competitive strategy approaches in the theory of competitive strategies that can be compared to the practices at Airtel Kenya to build this discussion. Firstly, a low-cost provider strategy that strives to achieve lower overall costs than rivals and appealing to a broad spectrum of customers, usually by underpricing rivals. Secondly, a broad differentiation strategy-seeking to differentiate the company's product offering from rival's in ways that will appeal to a broad spectrum of buyers. Thirdly, a focused (or market niche) strategy based on differentiation-concentrating on a narrow buyer segment and outcompeting by offering niche members customized attributes that meet their tastes and requirements better than rivals products

##### **4.4.1 Low Cost Provider Strategy**

Striving to be the industry's overall low cost provider is a powerful competitive approach in markets with many price sensitive buyers. A company achieves low cost leadership when it becomes the industry's lowest cost provider rather than just. A company has two options for translating a low-cost advantage over rivals into attractive profit performance. The first option is to use the lower-cost edge to underprice competitors and attract price-sensitive buyers in great enough numbers to increase total profits. The second option is to maintain the present price, be content with the present market share, and use the lower-cost edge to earn higher profit margin on each unit sold, thereby raising the firm's total profits and overall return on investment. Airtel Kenya is using the first option. To ensure profitability when underpricing rivals is either to keep the size of the price cut smaller than the size of



the firm's cost advantage (thus reaping the benefits of both a bigger profit margin per unit sold and the added profits on incremental sales) or to generate enough added volume to increase total profits despite thinner profit margins (larger volume can make up for smaller margins provided the underpricing of rivals brings in enough extra sales). Currently, Airtel has the lowest call rate charges in the industry both within and without the network.

#### **4.4.2 A Broad Differentiation Strategy**

Differentiation strategies are attractive whenever buyers' needs and preferences are too diverse to be fully satisfied by a standardized product or by sellers with identical capabilities. Airtel Kenya studies the buyers' needs and behavior carefully to learn what they think has value, and what they are willing to pay for. It then incorporates buyer-desired attributes into its products or service offering that will clearly set it apart from its main competitor which is Safaricom. Differentiation enhances profitability whenever the extra price the product commands outweighs the added costs of achieving the differentiation. The competitive advantage that Airtel Kenya has gained is that their customers have become strongly attached to the differentiated attributes such as the data services that enable recognition of other caller's locations. This has allowed Airtel Kenya to command a premium price for its products and gain buyer loyalty to its brand (because some buyers are strongly attracted to the differentiating features and bond with the company and its product).

#### **4.5 Combining Competitive Strategy with Strategic Responses**

The study proceeded to determine the main strategic responses that the company adopts in a bid to overcome the competition. All the respondents agreed unanimously that competition had made the company run massive promotional campaigns so as to

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

The respondents were in agreement that the company's service that face's the stiffest competition is the voice service. This is illustrated by the current price wars among industry players with Safaricom lowering its calling rate to three shillings per minute from an all-time high of eight shillings per minute coupled with the lowering of the call rates by other players such as Orange, which lowered its rates to as low as two shillings per minute. The respondents however indicated that Airtel has been able to cope with the stiff competition by offering a low calling rates across all networks and a low calling rate internationally. The respondents on the other hand indicate that the company does not have a separate department that deals with competition but this function is allotted to all the departments to ensure they have a competitive edge. On how the company integrates the various competitive strategies in its operations, the respondents were in agreement that the company integrates the various competitive strategies by enhancing competence in all its departments through investment in innovative strategies and structures of the business enterprise, distinctiveness of technology and adopting a strategic choice perspective. They also intimated that the company link competitive and technology strategies, using a hybrid typology that combines previous classifications.

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

#### **4.6 Discussions**

All the respondents the researcher interviewed were unanimous that Airtel's main competitor is Safaricom. The respondents were asked to indicate the current challenges faced by their company due to competition to which they said that the main challenge faced by Airtel due to competition was the price wars in the telecommunication industry and those especially initiated by the main competitor Safaricom. They also indicated that they believed Safaricom intentionally sabotaged access to the Airtel network by way of denial of service for Safaricom customers calling the Airtel network. The respondents also reiterated that the company was facing challenges due to frequent technological change and increasing need to maintain high quality services due to increased customer demand. On pricing the respondents indicated that Safaricom gas greater financial power to compete. However, Airtel was more focused on creating loyal clients that making more profits. Therefore pricing is not determined as a defining competitive factor. Another response from the interviews indicated as a defining competitive factor. Another response from the interviews indicated that the current pricing of Airtel has put them in very competitive setting in the industry.

On competitive competitor service offerings, all respondents were of the view that they offer the same services that Safaricom offers in the industry. When it came to customer services, Airtel believes that they have the proper ratio of customer service against the number of their clients which they say is their competitive advantage. On competitor marketing and promotion all agreed that Safaricom uses Corporate Social Responsibilities as means for marketing and promotions, however, they believe that it is not the main reason for their success. Airtel maintains that they are using lower prices and better customer care as a way to win clients. The brand promise by Airtel is to make lives better through effective communication channels. The respondents noted that Airtel's competitive technique lies in affordable prices for the consumer. This involves strategic marketing practices. Responses from the interviews indicate that Airtel appreciates that the dominant player in the industry is Safaricom. However, their strengths are only based in the number of clients that have been able to get over time and their weakness is poor customer care, high pricing for products and services and poor network supply.

The data findings showed that the response strategies employed by Airtel to counter competition from other mobile network operators include vigorous promotions strategies, cost efficiency, product differentiation, continuous research into emerging technologies and their impact on the market, market analysis, a strategy to ensure that the right technology is provided at the right time, in-house development teams, continual improvements to the network, information Technology governance processes, and network infrastructure leasing.

The respondents unanimously agreed that line managers implementing the strategic responses within the department should insure that the strategies are reviewed regularly or amended depending on their effectiveness. The respondents further

intimated that the market conditions that can lead to adoption of more than one strategic response at a given period of time include change in customer demands, increase in other players' competitiveness. The interview respondents when asked how the competitiveness of the Airtel brand compared with Safaricom during its initial entry into the market and after adopting new strategic responses indicated that the brand was successful as compared to the time of its introduction due to the vigorous marketing strategies and promotion of its products. When Airtel first came into the market sales were low until customers became aware of its differentiated products and their benefits. This was mainly due to rapidly increase in customer awareness of the Airtel brand.

The interview guide used in this research contained open ended questions. This was an advantage as they permitted an unlimited number of possible answers and respondents were able to answer in detail and could qualify and clarify responses. With open ended questions anticipated findings can be discovered and can furthermore reveal a respondent's logic, thinking process, and frame of reference. However, there were challenges that came with this kind of questions since different responders gave different degrees of detail in their answers as some of the responses were irrelevant or concealed in irrelevant detail and thus comparisons and analysis became difficult. Coding responses was difficult due to the varied response.

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

### **5.1 Introduction**

This chapter contains the summary, conclusions, recommendations and areas of future research that should be pursued by future researchers in order to add to the knowledge base relating to Airtel Kenya and the Kenya mobile operator network industry. The discussion was done as per the research objectives, and research question contrasting the findings with what other scholars have been able to discover in the same field. Recommendations which indicate the actual course of action that should be taken by the Airtel Kenya are also contained in this chapter.\

### **5.2 Summary**

The main question that this study set out to answer was: do the competitive strategies adopted by Airtel Kenya create sustainable competitive advantages for the firm? According to the findings on chapter four, Airtel does apply competitive strategies that are giving it the competitive advantage that it requires in the industry. Airtel has opened a new chapter in the local telecoms industry with the announcement that it will host three mobile virtual network operators, (MVNOs) on its Kenyan network. The respondents responses to the interviews clarified that the MVNO services would run on the unused capacity on its network, ensuring that it maintains a seamless quality experience for its consumers. The launch of MNVOs is in line with Airtel Kenya's innovation and differentiation agenda.

The entry of the MVNOs into the market will stimulate and sustain overall market growth through a new range of innovative products and services propositions that will

give more choice and value to Kenyans. This entry into the market will increase the uptake of mobile services in key segment such as mobile commerce and data thereby accelerating the inclusion of all Kenyans into the mobile revolution for sustained economic development of the country.

Airtel Kenya recognizes the importance of developing strategic capabilities as a competitive strategy to achieve a competitive advantage. This was appreciated by the respondents as a necessary strategy in the prevailing uncertain business environment characterized by changing subscriber demand, fast changing technology, and unpredictable products. As an avenue to the realization of competitive advantage, it was found out that company's strategic objectives, policies and technology adoption need to be aligned to keep customers satisfied, it was noted that the mobile subscribers have a wide variety of options to choose from and for the organization to remain relevant in the current mobile industry, the organization must have something different and unique to offer to its subscribers. Therefore effective competitive strategy formulation and implementation is critical in creating and maintain competitive advantage. The organizations competitiveness was also noted to continuously be under attack by other competitors and therefore, Airtel had to change its strategic capabilities to match the changes in the market. This competitiveness is enhanced by the organization by continually investing in new technology, investing significantly in product development as well as undertaking infrastructure and distribution expansion.

Airtel Kenya's robust telecommunication network infrastructure plays a critical role in the company's overall competitive advantage as it bolsters services reliability and

customers do not encounter dropped calls when network is busy as experienced in their main competitors network. The network expansion increases the potential of acquiring new customers. Airtel Kenya appreciates the role its distribution network play's and has adopted in-house training of its distributors as a competitive strategy. It places considerable emphasis on the trust and confidence it has on its distribution network to mitigate the doubts and uncertainties experienced by consumers in relation to the purchase of products which are complex and difficult to comprehend. In order to further protect this distribution network capability, the company has ensured that they enforce a code of conduct with all channel partners and the inclusion of exclusivity clauses in contracts with channel partners.

#### **5.4 Conclusion**

The main competitive strategies that the company adopts in a bid to overcome the competition include running massive promotional campaigns, maintaining competitive calling rate's, product differentiation and infrastructure diversification strategies. The company integrates the various competitive strategies by enhancing competence in all its departments through investment in innovative structures of the business enterprise, distinctiveness of technology and adopting a strategic choice perspective, The study further concluded that the competitive strategy integration processes are mainly technology and infrastructure based and the company's preparedness for change compared with other companies within the telecommunication industry. The study found that the competitive strategies employed by the company to counter competition from other mobile network operators include vigorous promotion strategies, cost efficiency, product differentiation, continuous research into emerging technologies, market analysis and



information security processes. The study also gathered that line managers are responsible for implementing the competitive strategies at a departmental level and these strategies are reviewed on a monthly basis. The Airtel products were found to be relatively successful compared to their time of introduction due to the vigorous marketing strategies and promotion, The company has not employed all of the strategic plans it had formulated towards completion in the mobile network industry as it was focusing on meeting the increased customer needs and putting its operations in line with the changing external environment.

The study further found out that the company's strategic capabilities are found in its human resource, physical infrastructure, and the distribution network, The alignment of these capabilities with the companies competitive strategies will enhance the organizations achievement of competitive advantage.

#### **5.4 Recommendations**

The researcher makes the following recommendations in regard to the competitive strategies that are applied at Airtel Kenya. From the discussions and conclusions in this chapter, the study recommends that although Airtel has been successful in responding to competition in the telecommunication industry and applying suitable competitive strategies, it should engage in more cost reduction as a response to its competitors' strategies. Besides providing its services and products at lower cost (cost advantage), Airtel should deliver benefits that exceed those of competing products (differentiation advantage) to gain a competitive advantage over the firms. The company should undertake appropriate, persuasive and sustained advertisement, marketing campaigns on products and services. This would increase its customer base and competitiveness within the industry.

The finding of the study was that the company policies, technological change and the strategic objective influence the development of competitive strategy. It is recommended that the company comes up with policies and objectives which would ensure that the company is able to compete effectively with other companies and at the same time enhance and exploit its strategic capabilities. Since Airtel views brand identity as a competitive strategy, it should get involved in more community based partnerships to gain community support. The findings of this study demonstrate that Airtel is faced with various challenges brought about by competition in the mobile network operator industry. It is therefore recommended that the company engage in more proactive competitive strategies and use its experience in the international marketplace to leverage its presence in the Kenya market.

## **5.5 Recommendations For Further Research**

In light of the limitations identified and the findings of the study, the following are recommended as future research subjects: (i) Airtel Kenya's strategic reactions (ii) Airtel Kenya's control and evaluation strategies (iii) Strategic planning and formulation procedures at Airtel Kenya. The study recommends that further research should be done on the other companies in the Telecommunication industry so as to get comprehensive information on how the other players in the industry have responded to the challenges posed by competitive environment. More research needs to be done to determine what effect the increased promotional campaigns have had on the performance of the company. The contribution of marketing strategy to the overall performance of Airtel should be explored. Another area that needs further research is

whether the new and innovative products Airtel is introducing into the market are suitable in the near future.

## **5.6 Limitations Of The Study**

The limitations faced in during this research were founded on unwillingness to share what interviewees termed trade secrets. Interviewees were reticent to share information they thought if shared with competing firms might jeopardize their competitiveness in the market. The researcher was only provided with information that could not be kept secret due to its availability in other research sources or that which interviewees thought could be easily obtained. The researcher had to rely on deduction and intuition to derive certain conclusions.

## REFERENCES

- Andrews, K.R. (1986). *The Concept of Corporate Strategy*. New Jersey: McGraw-Hill School Educational Group
- B.J. Witcher, V.S. (2010). *Strategic Management: Principles and Practice*. Cengage Learning EMEA
- Barry J. Witcher, V.S. (2010). *Strategic Management: Principles and practice*. Andover: Cengage Learning EMEA
- C.R.Raduan, U. J. (2009). Management, Strategic Management Theories and the Linkage with Organizational Competitive Advantage from the Resource Based View. *European Journal of Management Sciences*, Vol. 11 Iss:3, pp. 1-16
- C.Rouffaert, W.T. (2012). *How Mobile Operators can Create Competitive Differentiation*.
- Chandler, A.D. (2003). *Strategy and Structure: Chapters in the History of the American Industrial Enterprise*. Maryland: Beard Books.
- Charles Hill, G.R. (2009). *Strategic Management Theory*. Stanford: Cengage Learning.
- Charles W.L. Hill, G.R. (2011). *Essentials of Strategic Management*. Stanford: Cengage Learning.
- Chau, V.S. (2008). The Relationship of Strategic Management to Team Strategy Company Performance and Organizational Effectiveness. *Team Performance Management*, Vol. 14, pp:113-117, Iss:3/4
- Chau, V.S. (2008). The relationship of strategic performance management to team strategy, company performance and organizational effectiveness. *Team Performance Management*, Vol. 14 Iss:3/4, pp. 113-117.
- Coutler, M (2002), *strategic Management in Action*. New Jersey : Prentice Hall.
- D.J. Collis, A.M. (1995). Competing on Resources: Strategy in the 1990s. *Harvard Business Review*, Vol. 73 Iss: 4, pp..118-129

Das Anthony Jeanne, L.A. (2010). *Airtel: Corporate Strategy Review*. Sandeep George.

David Pollard, S.H (2003). Crises, Scenarios and the strategic Management Process. *Management Decision*, Vol. 44 Iss;6, pp. 721-723.

Govaert, G (2013). *Data Analysis*. New Jersey: John Wiley and Sons

H.Igor Ansodd, E.J. (1991). *Implanting strategic management*. New Jersey: Prentice Hall

H., I. A (1991). *Implanting Strategic Management*. New Jersey: Prentice Hall

Hart, S.J. (1989). Collection and Analysis of Interview Data. *Marketing Intelligence and Planning*, IVol. 7 Iss: 6, pp.23-29.

Henry Mintzberg, J.A. (1985). Of Strategies, Deliberate and Emergent. *Strategic Management Journal*, Vol. 6 Iss:3, pp. 257-272.

[http://africa .airtel.com](http://africa.airtel.com)

J.Church, R.W. (2000). *Industrial Organization: A Strategic Approach*.New York: McGraw-Hill.

Jeanne, D.A. (2010). *Airtel: Corporate Strategy Review*. Sandeep George.

Jeffery Church, R.W. (2000). *Industrial Organization: A Strategic Approach*. Newyork: Irwin Mcgaw-Hill

John A. Pearce, R.B. (2011). *Strategic Management: Formulation, implementation, and control*. New York: McGraw-Hill Irwin

M.S.Thibodeaux, E.F. (1996). Organizational Effectiveness and Commitment Through Strategic Management. *Industrial management and Data Systems*, Vol. 96 Iss: 5, pp.21-25

M.Wegberg, A.V. (2001). 2001 Strategic Management in the New Economy: Modern Information Technologies and Multichannel Contract Strategies. *Advances in Strategic Management*, Vol. 18, pp. 263-304.

- Malimba Musafiri Papias, P.G. (2009). Repayment Behaviors in Credit and Savings Cooperative Societies: Empirical and Theoretical Evidence from Rural Rwanda. *International journal of Social Economics*, Vol. 36 Idd:5, pp.608-625.
- Marc van Wegberg, A. v. (2001). Strategic management in the new economy: Modern informatiob technologies and multichannel contact strategies. *Advances in Strategic Management*, Vol. 18, pp.263-304.
- Marc van Wegberg, A. V. (2001). Strategic management in the new economy: Modern information technologies and multichannel contact strategies. *Advances in Strategic Management*, Vol. 18, pp.263-304.
- Mary S. Thibodeaux, E.F. (1996). Organizational effectiveness and commitment through strategic management. *Industrial Management & Data Systems*, Vol. 96 Iss: 5, pp. 21-25.
- N. Correcher, L.L (2013), *Diversification Strategies in Network-based Services: The case of Mobile Virtual Network Operators*. *Elesivier*.
- Oliver Furrer, H.T. (2008). The Structure and Evolution of the Strategic Management Field: A Content Analysys of 26 Years of Strategic Management Research. *International Journal of Management Reviews*, Vol. 10 Iss:1, pp. 1-23.
- Olsen, W. (2011). *Data collection: Key Debates and methods in Social Research*. *California: SAGE*
- Peteraf, M.A. (1993). The Cornerstone of Competitive Advantage: A Resource-based View. *Strategic Management*, Vol. 14, pp.179-191.
- Porter, M. (1985). *Competitive Advantage*. New York: The Free Press.
- Porter, M. (1990). *The competitive Advantage of Nations*. New York: The Free Press.
- Porter, M. (1996). What is Strategy? *Harvard Business Review*, Vol. 74 Iss6, pp. 61-79.
- Porter, M. (1998). *Competitive Advantage: Creating and sustaining Superior Performance*. New York: The Free Press
- Porter, M. (1998). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, New York: The Free Press.

- Rabbie, E.R. (2008). *The Basics of Social Research*. Connecticut: Cengage Learning.
- Richard P. Rumelt, D.S. (1991). Strategic Management and Economics. *Strategic Management Journal*, Vol. 12, pp. 5-29.
- Sadler, P. (2003). *Strategic Management* London: Kogan Publishers
- Sadler, P. (2003). *Strategic Management London: Kogan Page Publishers*
- Sadler, G. (2007). Modeling, Game Theory and Strategic Management. *Strategic Management Journal*, Vol. 12 Iss.2, pp.119-136
- Saloner, G. (2007). Modelling, Game Theory and strategic Management. *Strategic Management Journal*, Vol. 12 Iss. 2, PP. 119-136.
- Srikitja, A. (n.d). *strategic Management in Telecommunications*.
- Taylor, B. (1995). The New Strategic Leadership—Driving Change, Getting Results Long Range Planning, Vol. 28, pp,. 5-7 Iss:5
- Thomas L. Wheelen, J.D. (2008). *Strategic Management and Business Policy: Concepts*. New Jersey: Pearson/Prentice Hall.
- Turtiainen, T. (1992). *Factors of cooperative success in developing countries; An application Model for Planning Better Cooperative programs*. Co-operative Federation of Nigeria Limited (DeskTop Pub. Unit)
- William H. Newman, W.H. (1989). *Strategy: A Multilevel, Intergrative Approach*. Nashville” South Western Pub Co.

## APPENDICES

### APPENDIX I: LETTER OF INTRODUCTION

ALFA E. SANDE  
UNIVERSITY OF NAIROBI  
Dear Sir/Madam,

May 2014

#### **REF: Research Study**

I am a student at the University of Nairobi currently undertaking a research study of the Competitive Strategies Adopted at Airtel Kenya Ltd. The research is towards the partial fulfilment of the requirements for the award of the Degree of Masters of Business Administration of the University of Nairobi.

In this regard, I request for an interview at your convenience. The purpose of the interview will be to gather information on the competitive strategies adopted at Airtel Kenya. The information gathered during the interview will be academic purposes only. The findings will be confidential, and strictly for academic use. Your favorable response will be highly appreciated.

Yours faithfully,

ALFA E. SANDE



## **APPENDIX II: INTERVIEW GUIDE**

This interview guide is made up of sample questions that are intended to facilitate the interviewing of Airtel staff for the collection of information that is relevant to the area of study. Section I seeks to capture the profile of the organization and respondents while section II captures issues pertaining to the area of competitive strategy.

### **SECTION I: Background Information**

1. When was Airtel Incorporated in Kenya
2. Describe your organizations ownership structure
3. For how long have you worked in the organization
4. What is your current position?
5. What are your duties and responsibilities?

### **SECTION II: Organization Competitive Strategy Practices**

6. What is the purpose of your business  
-Purpose defines why your organization exists
7. What results are you trying to achieve to fulfil your purpose and how will you measure success?  
-The response will describe the organizational vision
8. What value does your business create for its customers?
  - i. What customer need or problem do your products service satisfy or solve
  - ii. Why do your customers purchase your products and services rather than a competitor's?
9. What is your core business today?  
-The answer will provide the focus needed to make the current operations effective
10. What are your core competencies?
  - i. List the organizational competencies you have that enable you to provide your products and services and compete in your industry

- ii. Which of these competencies are unique to you or do you perform better than your competitors?
- iii. Which of these competencies create customer perceived value throughout your product line or give you a significant cost advantage over your competitors?

11. What should your business be five years from now?

-The answer will provide the direction needed to prepare the organization for the future

12. How large do you need to be?

-Organizations must be large enough to avoid becoming a marginal player in the marketplace and to maintain a reasonable balance among their operating functions.

- i. What sales volume and revenue will provide your required profitability?
- ii. What facilities, equipment, and personnel are needed to achieve this volume?

13. What are your goals and how do you measure them?

- i. List the goals that describe the results you want to achieve.
- ii. Identify the indicators that will be used to measure goal performance.
- The answers to these questions clarify the organizational vision and define the results the organization is committed to achieve.

14. What are the barriers you must overcome to achieve these goals?

- The competitive structure of any industry presents significant barriers that must be overcome.

15. What strategic approach are you using to overcome these barriers?

16. What is your approach to competitive advantage and the market scope in which you compete?

- i. Does your competitive strategy require lowest price of product differentiation?
  - ii. Do you compete in broad market segments or focused market niches?
17. What is your focus for growth? Do you focus on growth in sales volume or growth in profit margins?
- A focused strategy requires that the organization choose one of these alternatives since each will require a different marketing strategy.
18. What is your primary method of growth? Do you intend to grow by internal expansion or by acquisition?
19. What are your product and market priorities?
- i. What market segments have the highest priority and what products/services do you offer to these segments.
  - ii. What market segments and products receive routine priority?
  - iii. What market segments and products receive reduced resources and effort?
  - iv. What market segments and products are being abandoned?
  - v. What market segments and products are being developed for future?