APPLICATION OF PRICE LEADERSHIP STRATEGY BY ESSAR TELECOM KENYA LIMITED

BY

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DECLARATION

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

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DEDICATION

This research work is dedicated to my parents Mr & Mrs. Charles Kyalo who have invested and believed in me over the years and helped me appreciate the value of hard work. To my sister and brothers who constantly inspired, supported and encouraged me through this academic journey to achieve this goals and to my niece Blessing for always wanting to be next to me whenever I am home reading.

ABSTRACT.

The main purpose of this study is to provide insight into strategy formulation and more specifically to the application of price leadership strategy by ETKL. A low cost leader in any market gains competitive advantage from being able to produce at the lowest cost. Price leadership strategy has its roots from the Porter's generic strategy of cost leadership. It is a strategy which involves the firm winning market share by appealing to cost-conscious or price-sensitive customers. This is achieved by having the lowest prices in the target market segment, or enhancing customer value.

The objectives of this study are; to determine application of price leadership strategy by ETKL and secondly to establish factors that influenced ETKL in choice of price leadership strategy. It is apparent that successful application of a strategy is an all-inclusive process that requires all stakeholders in the organization to play their part if success is to be achieved. This study has confirmed that that ETKL has applied price leadership to fight competition in the market. With this application, the company has been in a position to retain its market share and at the same time retain industry average profits. The study has further confirmed that a number of factors have influenced ETKL in choosing price leadership strategy which were employee participation in planning, company's goals and objectives, target market and organizational environment.

This study has employed case study research guide and an interview guide was used to collect primary data. The interview was personally administered through personal interview and probing the interviewees from three departmental heads. Information contained in the interview guide included position held, departments the respondents were currently, working duration the respondents have worked at ETKL, nature of competition within the industry, strategy formulation, role of senior management in strategy implementation, factors influencing strategy formulation and finally environmental factors affecting the application of price leadership strategy. Various themes emerged from the interview conducted. To help encapsulate the objectives of the study, content analysis was used to analyze the data.

From the findings of the study, ETKL has successfully formulated and implemented price leadership strategy. For a successful strategy choice, senior management have a direct influence on the application and implementation of a strategy. They provide a role model for other managers to use in assessing the salient environmental variables, their relationship to the organization, and the appropriateness of the organization's response to these variables. Top management also shapes the perceived relationships among organization components. The study further found that leadership is considered critical to the successful application of the chosen strategy. In particular the study has found that the role of the senior management in strategy application is fundamental since it is seen as a catalyst closely associated with and ultimately accountable for the success of a strategy. The management's actions and perceived seriousness to a chosen strategy will influence employee commitment to implement.

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ABBREVIATIONS

CCK	Communications Commissions of Kenya
ETACS	Extended Total Access Communications Systems
ETKL	Essar Telecom Kenya Limited.
MD	Managing Director
GSM	Global Systems for Mobile Communications

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Success and survival of any organization depends on how the organization relates to the environment. Extend to which an organization adopts to the ever changing environments is the key determinant of how such an organization will survive. Porter (1980) observed that the essence of formulating competitive strategy is to relate an organization to its environment. Organizations are environment dependent and business managers ought to monitor the environment in order to spot trends and conditions that could affect the entity and adapt to them. Good and proper strategic management practices enables entities avoid uncertainties in the environment and thus excel in its operations.

The way in which organizations interact with the environment is very crucial for their survival and growth. Therefore organizations have to constantly align and re-align their strategies in order to remain relevant. According to Ansoff and McDonell (1990), failure to effectively adapt the organization to its environment leads to a strategic problem thereby threatening its existence.

For a firm to be vibrant and successful in the long run, it must impact assessment of the external environment to ensure its success and also secure itself from changes brought about by changing environment. Johnson & Scholes (2004) defines strategy as a process that matches resources and activities of an organization to the environment in which it operates. They argue that strategic fit which involves developing strategy by identifying opportunities in the environment and adopting resources and competencies so as to take advantage of them is essential and must be maintained at all time.

It is worth stating that application of price leadership strategy in the mobile telephony industry here in Kenya may not be simple mainly because of the targeted profits expected by the firms operating in the industry. Newman (1989) argues that entities in the same industry are faced with competitive challenges which include structural and economic barriers in the industry. He further identifies three types of competitive challenges which are financial requirement, regulatory issues imposed by the government and the ability of company owners to deal with competitive challenges that may limit the firm's ability to take advantage of new opportunities.

1.1.1 Price Leadership Strategy

Organizations exist in complex and volatile commercial, economic, political, technological, cultural and social environments. Environmental changes occasioned by these factors are more complex to some organizations than others due to the unique positions in their areas of operations (Ngige 2006).Strategic problems require a strategic response (Ansoff&McDonnell, 1990).

In order for a firm to attain a competitive advantage, it must make a choice about the type of competitive advantage it seeks to maintain and the scope within which it will attain it (Porter, 1990). Winning business strategies are thus grounded in sustainable competitive advantage (Thompson, 1998). This therefore calls for organizations to thrive to invest in creating sustainable services against all their competitors over long periods by adopting the most viable strategy.

Price leadership strategy has its roots from the Porter's generic strategy of cost leadership. It is a strategy which involves the firm winning market share by appealing to cost-conscious or price-sensitive customers. This is achieved by having the lowest prices in the target market segment, or enhancing customer value. The firm sells its products either at average industry prices to earn a profit higher than that of rivals, or below the average industry prices to gain market share. Cost leadership requires aggressive construction of efficient scale facilities, vigorous pursuit of cost reduction and tight cost curve control and profit maximization (Porter, 1980).

A firm will become a low- cost producer in its industry if it has a broad scope and serves many industry segments. Cost leadership is realized through gaining experience, pursuit of economies of scale, investing in large scale production facilities and careful monitoring of overall costs of operations (Omollo, 2009).

Companies that choose a cost-leadership strategy offer relatively standardised products with features or characteristics that are acceptable to customers, in other words, with a minimum level of differentiation at the lowest competitive price. This means that companies offer standardised products to an industry's typical customer. Customers receive value when a company successfully implements a cost leadership strategy. A firm pursuing a cost-leadership strategy attempts to gain a competitive advantage primarily by reducing its economic costs below its competitors (Thompson, & Strickland 1992).

1.1.2Mobile Telephony Industry in Kenya

Kenya's telecom market has had great potential for growth because of its previous low penetration levels in both fixed and mobile markets. The year 2004 saw significant changes in the country's telecom industry, with the incumbent operator Telkom Kenya losing its monopoly in the fixed-line and internationals bandwidth sectors. Licenses were also issued to a regional carrier, third mobile operator and several new data carriers, thereby marking a significant change in the competitive landscape for telecom services in Kenya.

The official telecom regulatory body of the country is Communications Commission of Kenya (CCK). In 2009, the Government recognized these rapid changes and developments in technology and introduced the Kenya Communications (Amendment) Act 2009. They are now responsible for facilitating the development of the information and communications sector and electronic commerce.

Mobile services in Kenya were pioneered with the launch of an Extended Total Access Communications Systems (ETACS) network in 1993. But due to issues such as the high cost of handsets and high charges for the service, the number of mobile subscribers at the end of 1999 was only 20,000.The number of operators providing mobile services in Kenya has now increased to four and with improving mobile infrastructure there is coverage in all major towns and highways in the country. The price of handsets has reduced due to the duty being waived by the Government and the increase in operators has intensified competition leading to price competition in the market. (http//:www.africantelecomnews.com/Africa/Kenya.)

Kenya had 26.4 million mobile phone subscribers by September 30 last year up from 25.3 million recorded at the end of June 2011, representing an increase of 4.8%.The country's mobile subscriber base is expected to increase further over the next few years, resulting in a mobile subscriber base of 30.58 million and a penetration rate of 68 percent by the end of 2014. (http//:www.africantelecomnews.com/Africa/Kenya.

1.1.3 Profile of Essar Telecom Kenya Limited

Essar Telecom Kenya Limited is a company within the telecommunication industry (mobile network operator) that was launched in Kenya in November 2008 as the fourth mobile telecommunications operator and operates a GSM telephony license under the brand name 'Yu'mobile .ETKL is a unit of India based Essar group. The Essar Group is a diversified business corporation with a balanced portfolio of assets in the manufacturing and services sectors of Steel, Energy, Power, Communications, Shipping Ports & Logistics, and Projects.

ETKL has a presence in more than 15 countries worldwide. With a firm foothold in India, the company is focused on global expansion with projects and investments in Canada, USA, Africa, the Middle East, the Caribbean and South East Asia. ETKL strategy has been primarily to target the youthful segment with the launch of attractive tariffs as well as innovative products and services. The company has been able to achieve 70% brand awareness since its launch amongst its target audience. ETKL has been successfully operating under a low-cost model that has revolutionized the Kenyan mobile market and enabled it to significantly reduce the cost of mobile communications.

ETKL won the licence to operate mobile phone services in Kenya in 2003. After winning the licence, the carrier was engaged in several court cases involving shareholders' disputes and non-payment of licence fees, so delaying the service launch until 2008. Due to the resulting tarnished image in Kenya, the company has opted to launch its services under the brand name Yu. ETKL main focus has been to become the best sales and distribution company in Kenya, and to continue working diligently towards claiming a place in the mobile telephony market by successfully unveiling exciting packages at the minimum price targeting various market segments thus creating enduring relationships with their business associates. The company is regarded as one of the most innovative and fastest growing telecom operators in Kenya. The company has wide network coverage in the country and is present in all major towns and cities. (Http//:www.yumobile.com)

1.2 Research Problem

The low cost leader in any market gains competitive advantage from being able to produce at the lowest cost. Price leadership strategy has its roots from the Porter's generic strategy of cost leadership. It is a strategy which involves the firm winning market share by appealing to cost-conscious or price-sensitive customers. This is achieved by having the lowest prices in the target market segment, or enhancing customer value. Factories are built and maintained, labor is recruited and trained to deliver the lowest possible costs of production. An entity while applying this strategy focuses on cost advantage. Costs are thus shaved in each and every element of the value chain (Porter, 1985). If cost-leadership strategies can be implemented by numerous firms in an industry, or if no firms face a cost disadvantage in imitating a cost-leadership strategy, then being a cost leader does not generate a sustained competitive advantage for a firm. The ability of a valuable cost-leadership competitive strategy to generate a sustained competitive advantage depends on that strategy being rare and costly to imitate (Wesley, 1997).

Competition in most industries and markets is quite stiff, therefore it is of great importance for companies to ascertain the right knowledge and implement effective and efficient strategy (Amstrong & Kortler, 2004). Mobile industry allows no exception, it is quite competitive thus players within the industry have to apply the right methods and differentiate themselves from the rest to gain a competitive edge. To counteract this, businesses have to cope with competition by adopting superior strategies or they risk being thrown out of the market (Odiwour, 2008). The political anxieties, competition from new entrants, technological advancements, globalization and social reforms are some of the challenges that are greatly affecting performance of ETKL. Currently, the players within the industry are putting in place strategies to increase their market share as well as retain their customers. To cope up with these emerging actions by the players, ETKL has resulted in aggressively advertising for its products in the market. This has also led the company to offering the lowest prices to the extent that some of the company services are being offered virtually freely.

Quite a number of studies have focused on Porter's generic strategies. Lepilale (2009) did a study of the forces that shape competition in the handcraft industry in Kenya: An application of the Porter's five forces industry analysis model, Mghenyi (2010) who focused on pricing strategy among fibre operators in Kenya while Omollo (2009) did a research on the extend of application of Porter's generic strategies by the new Kenya cooperative creameries. Few studies have been done on ETKL. For instance Mutua (2010) studied competitive intelligence practices by ETKL and found out that the company adopted diversification strategy while Muitu (2010) did a research on Market penetration strategies used by ETKL. His findings revealed that the company adopted product differentiation strategy. As shown, none of the studies has focused on the application of an individual generic strategy, and this constitutes a gap in literature that the present study will sought to bridge. There is need to formulate a study on price leadership as a strategy adopted by entities to curb the ever-increasing competition. To date no known study has focused on the application of price leadership strategy by ETKL. This study will therefore fill this gap by leading to the following research question; how has ETKL applied price leadership strategy to fight competition in the market?

1.3 Research Objectives

The objectives of this study are,

i. To determine the application of price leadership strategy by ETKL.
ii. To establish factors that influenced ETKL in choice of price leadership strategy.

1.4 Value of the Study

This study shall provide insight into price leadership strategy. The research shall also seek to explain and elaborate further the challenges an organization is most likely to face when putting the strategy into force. The significance of the study is as follows,

To ETKL, the study shall highlight key issues of price leadership which are critical to be recognized in order for the company to remain relevant in the changing environment. The results shall give insight into the extent to which the company has integrated price leadership into their operations.

To the consumers and other stakeholders, this study is important in understanding what strategy the company is putting in place in order to remain competitive as well as relevant in the market.

To the scholars and academicians, this study shall provide a body of knowledge on the concept of strategic fit and also as a useful reference point for understanding price leadership as a strategy adopted by companies and it is further hoped that this study will stimulate further research on the subject.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

According to Mugenda and Mugenda (2003), literature review involves locating, reading and evaluating reports of previous studies, observations and opinion related to the planned studies. It therefore leads to appreciating and understanding the research that has already been done in one's are of interest. The literature review also provides the researcher with a body of knowledge and understanding of the conceptual and analytical framework in the area. This chapter will thus cover concept of strategy, competitive strategies and lastly Porter's generic strategies model.

2.2 Concept of Strategy

Johnson and Scholes (2001) looked at strategy as concerned with matching a firm's resources and capabilities to the opportunities that arise in the external environment. According to Pearce and Robinson (1997) strategy is the process of matching the activities of an organization to the environment in which it operates - a process is known as search for a strategic fit which is the achieving the correct positioning of the organization such that it is able to meet the needs of the market and fulfill stakeholders' expectations.

It is argued that strategy is about winning. It is perceived strategy as a combination of competitive moves and business approaches that manager employ to satisfy customers, compete successfully and achieve organizational vision and objectives (Thompson and Strickland, 2003). Mintzberg (1997) on the other hand viewed strategy as a plan, ploy, pattern, position and perspective. As a plan, strategy consciously determines the intended course of action, as a ploy, strategy is seen as a man oeuvre intended to outwit competitors, as a pattern it is seen as a pattern emerging in a stream of actions, as a position, it is seen as a means of positioning a firm and its environment and as a perspective strategy is seen as giving an organization an identity and a way of perspective.

Ansoff (1965) views strategy as the common thread among an organization's activities and the market. According to him, strategy in an organization exists in three levels which include corporate level which is concerned with the overall purpose and scope of the organization, business level strategy which is concerned with competition with other business in the market and achievement of competitive advantage and lastly operational level strategy which is concerned with how the component parts of an organization deliver effectively the corporate and business level strategies in terms of resources, people and processes of a firm. These points to the fact that there is no single definition of strategy thus terms such as mission, vision and strategy and thus define the scope and boundaries of an organization.

Strategy is the heart of strategic management for it aids organizations to formulate and implement various tasks in its attempt to prosper. Strategy must help organizations develop and maintain a competitive edge on the market focusing on the customer needs and the competitors. Business managers should evaluate and choose strategies that will make their business successful.

Strategy is a link between an organization and its environment and must be consistent with the goals, values, external environment, resources, organizational structure and system (Ansoff& McDonnell, 1990). Strategy is the direction and scope of organizations over the long-term which achieves advantage for the organization through its configuration of resources within a changing environment and fulfills stakeholder's expectations (Johnson & Scholes 2004). This means that organizations should provide value to customers better than their competitors.

Johnson and Scholes (2001) viewed strategy as concerned with matching a firm's resources and capabilities to the opportunities that arise in the external environment. Pearce and Robinson (1997) defined strategy as the process of matching the activities of an enterprise to the environment in which it operates – a process is known as search for a strategic fit which is the achieving of the correct positioning of the organization such that it is able to meet the needs of the market and fulfill stakeholders' expectations.

Each organization is set in a particular environment that will provide multiple contexts that affect the organization and its performance. A host of external factors influence a firm's choice of direction and action and, ultimately, its organizational structure and internal processes (Pearce and Robinson 2004).

Ansoff, (2006) observed that for a firm to optimize its competitiveness and profitability and indeed long-term sustainability, it has to match its strategy and supporting capability with the environment. According to him, strategy formulation and strategies are context sensitive which might explain that fact that there are many competing models in strategic development and strategic planning. It is argued that strategy is about winning. It is perceived strategy as a combination of competitive moves and business approaches that manager employ to satisfy customers, compete successfully and achieve organizational vision and objectives

2.3 Competitive Strategies

Competitive strategy is the search for a favorable competitive positioning in an industry, the fundamental arena in which competition occurs. David (2005) defined competitive advantage as anything that a firm does especially well compared to rival firms. When a firm can do something that rival firms cannot do, or owns something that rival firm's desire, that can represent a competitive advantage. Getting and keeping competitive advantage is essential for long- term success in an organization. Competitive strategy is concerned with how a company can gain a competitive advantage through a distinctive way of competing. It aims to establish a profitable and sustainable position against the forces that determine industry competition.

According to Porter (1980), competitive advantage is therefore at the heart of any strategy and to achieve it, a firm is required to make a choice about the type of competitive advantage it seeks to attain and the scope within which it will attain it. He further defines competitive advantage as how a firm can gain sustainable cost-advantage, how it can differentiate itself from competitors and how a firm can select a segment such that competitive advantage grows out of a focus strategy. Porter (1980), further states that developing a competitive strategy is developing a broad formula on how a business is going to compete, what its goals should be and what policies would be needed to carry out these goals. He looked at competitive strategy as a combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there. The basic for above average performance in any organization in the long run is gaining sustainable competitive advantage.

Winning business strategies are therefore grounded in sustainable competitive advantage (Thompson, 1998). This therefore calls for organizations to thrive to invest in creating sustainable services against all their competitors over a long period. In order for a firm to attain competitive advantage, it must make a choice about the type of competitive advantage it seeks to attain and scope within which it will attain it (Porter, 1990). Any firm that engages in each generic strategy but fails to achieve any is said to be stuck in the middle, this places the firm in a very poor position and even though it is successful, it would not survive if there was increased competitive pressure as it possess no competitive advantage.

A unique strategy shall therefore contribute to effective competitiveness of business firms. Ansoff (1990) argues that whereas goals represent the ends which the firm is seeking to attain, strategy is the means to the ends. Porter (1990) states that developing competitive strategies is developing a broad formula for how a business is going to compete. The purpose therefore of competitive strategy is to establish a profitable sustainable position against forces that determine industry competition which is out performing rivals in an ethical manner and cultivating the loyalty of consumers. Formulation of competitive strategies thus entails carrying out situational internal analysis of a firm. This involves analyzing the firm's strengths and weakness, opportunities and threats.

In order to be successful, organizations must be strategically aware. They must understand how changes in their environment are unfolding. They should actively look for opportunities to exploit their strategic abilities, adapt and seek improvements in every area of business, building on awareness and understanding of current strategies and successes. To succeed in the long-term, organizations must compete effectively and outperform their rivals in a dynamic environment, Mghenyi (2010)

Every organization should have a competitive strategy. However, many organization's strategies are implicit, having evolved overtime, rather than explicitly formulated from thinking and planning process. Implicit strategies lack focus, produce inconsistent decisions and unknowingly become obsolete. Without a well-defined strategy, organizations will be driven by current operational issues rather than by a planned future vision. Excellent competitive strategies should be business oriented and able to address the core business of the organization. The intensity of competition in an industry determines its profit potential and competitive attractiveness and therefore the strategy should be able to spell out how the organization responds to the competitive forces in these industries or markets (Dierickx, 1989).

The purpose of competitive strategy is to achieve a sustainable competitive advantage and thereby enhance a business performance. As such organizational competitive strategies serve to improve organizational performance of the firm through the route of sustainable competitive advantages. Studies in the field of strategic management have shown that in most industries, some firms are more profitable than others regardless of whether the average profitability of the industry is high or low. The superior performers conceivably possess something special and hard to imitate that it allows them to outperform their rivals. These unique skills and assets (resources) are referred to as a source of competitive advantage which can result from implementing a value creating strategy not simultaneously being implemented by any current or potential competitors; or through superior execution of the same strategy as competitors. Sustainability is achieved when the advantage resists erosion by competitors' behavior. In other words, the skills and resources underlying a business' competitive advantage must resist duplication by other firms (Bharadwaj, 2003).

2.4 Porter's Generic Strategies Model

In order for a firm to flourish, it should be able to develop a distinctive competence that is greater than its competitors. The porter's generic strategies model therefore is a guide to firms on how they can create and sustain a competitive advantage. Porter (1980) argues that at the broadest level, we can identify three internally consistent generic strategies for creating a defendable position in the long run. He identified three potentially successful generic strategic approaches in coping with competitive forces in the industry. These generic strategies are cost leadership, differentiation and focus. These three competitive strategies are thus essential to any organization in that it provides the firm with a guide on how to compete, stipulates the goals of an organization and states the policies needed to attain these goal.

Competitive strategies focus on ways in which a company can achieve the most advantageous position that it possibly can in its industry. The profit of a company is essentially the difference between its revenues and costs. Therefore high profitability can be achieved through achieving the lowest costs or the highest prices vis-a-vis the competition. While each of the generic strategies enables a firm to maximize certain competitive advantages, each one also exposes the firm to a number of competitive risks. For example, a low-cost leader fears a new low-cost technique that is being developed by a competitor; a differentiating firm fears imitators; and a focused firm fears invasion by a firm that largely targets customers. The following table illustrates Porter's generic strategies:

Table 2.1: Porter's Generic Strategies

Target Scope	*Advantage*	
	Low Cost	Product Uniqueness
Broad (Industry Wide)	Cost Leadership Strategy	Differentiation Strategy
Narrow (Market Segment)	Focus Strategy (low cost)	Focus Strategy (differentiation)

Source:InternationalJournal of Productivity andPerformanceManagement,60(3),2008

The generic strategy model tries to link the strategy formulation process with the implementation. The concept of the three generic strategies is based on the premise that there are a number of ways in which competitive advantage can be achieved depending on the industry, structure and availability of resources. Porter's generic strategies hence provide alternative routes to superiors' performance in an industry (Porter, 1980).

Cost leadership strategy calls for being the low cost producer in an industry for a given level of quality. The firm sells its products either at average industry prices to earn a profit higher than that of rivals, or below the average industry prices to gain market share. A firm becomes a low-cost producer in its industry if it has a broad scope and serves many industry segments. Cost leadership is realized through gaining experience, pursuit of economies of scale, investing in large-scale production facilities and careful monitoring of overall costs of operation. A low - cost producer must find and exploit all sources of cost advantage. Cost leadership requires aggressive construction of efficient scale facilities, vigorous pursuit of cost reduction and tight cost curve controls in various functions (Porter, 1980).

This strategy benefits the firm in that it is able to withstand intensive price competition and buyers may appreciate the offer for lower prices. (Thompson and Strickland, 1997). A cost leader cannot ignore the bases of differentiation hence it must achieve parity in the bases of differentiation relative to its competitions to be above-average performer. This allows the cost leader to translate its cost advantage into higher profit than competitors.

The greatest danger of cost leadership strategy is in competitor's ability to find ways of producing at a lower cost and beat the cost leader, lower customer loyalty, as price-sensitive customers will switch once a lower-priced substitute is available. Being a low cost leader may also result in a reputation for low quality, which may make it difficult for a firm to rebrand itself or its products if it chooses to shift to a differentiation strategy in future. Competitors have the ability to easily imitate the cost leader's methods and cause inflation in costs that narrow the firm's ability to maintain enough of a price differential to offset competitor's brand images. A firm using this strategy has to therefore invest highly in the industry for it to maintain its position as cost leader. The other great risk is that the single-minded desire to reduce costs may cause loss of sight of changes in consumer tastes. An organization while making decisions on reduce costs may affect demand for a product drastically due to the shifts in consumer preferences (Karanja, 2002).

Kamua, 2010 observes that in the event of a price war, the firm can maintain some profitability while the competition suffers losses. Even without a price war, as the industry matures and prices decline, the firms that can produce more cheaply will remain profitable for a longer period of time. The cost leadership strategy usually targets a broad market. Firms that succeed in cost leadership often have the following internal strengths: Access to the capital required to make a significant investment in production assets; Skill in designing products for efficient manufacturing (for example, having a small component count to shorten the assembly process); High level of expertise in manufacturing process engineering; and Efficient distribution channels.

A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competition. By stressing the attribute above other product qualities, a firm attempts to build customer loyalty which often translates into a firm's ability to charge a premium price for its products. This strategy enables a firm to be unique in its industry along dimensions widely valued by buyers. The aim is to achieve higher market share than competitors by offering better products or services at same prices (Johnson and Scholes, 2001).

Porter (1980) argues that means of differentiation are peculiar to each industry. Differentiation is about understanding the product/service and the consumer (Grant, 1998). A firm that can achieve and sustain differentiation will be an above-average performer in its industry. Its premium exceeds the extra cost incurred in being unique (Porter, 1980). It creates a defensible position for coping with the five competitive forces.

Omollo(2009) notes that this strategy requires a firm to choose ways to differentiate itself. An organization therefore has to study buyer's needs and behavior in order to understand what they consider important with value and what they are willing to pay for it to be able to differentiate itself successfully. Hence, sustainable differentiation requires that a firm performs a range of value activities uniquely to influence the purchase criteria (Porter, 1985). An industry can therefore have more than one differentiation strategy if it has a number of attributes widely valued by buyers.

Focus is a strategy that allows a firm to concentrate on developing its knowledge and competencies, since the business concentrates on a narrowly defined market (Pearce and Robinson, 2004). The focus strategy concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation. The basis is that the needs of the group can be better serviced by focusing entirely on it. A firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly.

The focuser selects a segment or a group of segments in the industry and tailors its strategy to serving them to the exclusion of others. Focus strategy has two variants: Cost focus; where a firm seeks a cost advantage in its target segment and differentiation focus where a firm seeks differentiation in its target segment (David 2005)

This strategy will not succeed if the focuser's segments are not differentiated from other segments. A firm will hence be an above average performer in its industry if it can achieve sustainable cost focus or differentiation focus in its segment and the segment is structurally attractive. The challenge facing this strategy is that it is prone to imitation thus making the target segment to be structurally unattractive because of technological change on consumer preferences. A focuser is also vulnerable to attack by differentiators who can compete for the same segment by offering products and services between the strategic target and market as a whole, which may narrow putting the focuser at risk of losing clients. The focuser has to therefore constantly defend his segment(Porter, 1990).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers research design, data collection methods and data analysis methods. The chapter utilizes theoretical framework, reviewed literature and experience of the author to discuss how the study was carried, how the results were presented and analyzed to arrive at the conclusions and recommendations that might contribute new knowledge of the application of price leadership strategy by ETKL.

3.2Research design

The research was in form of a case study. A case study was deemed appropriate for this research since the aim of the study was to identify the application of price leadership strategy by ETKL. Case studies are used to organize a wide range of information about a case, and then analyze the contents by seeking patterns and themes in the data. A case study is very popular form of qualitative analysis and involves careful and complete observation of a social unit be that unit a person, a family, an institution, cultural group or even the entire community(Kothari 1990).

The advantages of using a case study include facilitating intensive study of concerned unit which is not possible with other methods and the possibility of obtaining the inside facts from experienced employees. According to Kaplan (1964), a single well designed case can provide a major challenge to a theory and thus provide a source of new hypothesis. The limitations of a case study include the danger of generalization mainly because of lack of rules to follow in data collection, it is time consuming and expensive, the researcher might be subjective, and it is used in a limited sphere not in a big society. Despite the above limitations, the case study will be conducted at the ETKL head office.

3.3 Data collection.

Primary data was used to obtain information for the study through interview. The data collection instrument was an interview guide, copy of which is attached in Appendix 2. The interview was divided into two sections. Section A consisted of questions that assist the researcher in getting information on the application of price leadership strategy. Section B provided information on the factors influencing on the choice of price leadership strategy. The interview was personally administered through personal interview and probing the informants to give out their responses. Interview guide was administered among senior management in ETKL to collect summary data. Three informants were interviewed who were three departmental directors.

3.4 Data Analysis

Content analysis method was used to analyze the response obtained from the interviews. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Mugenda&Mugenda2003). Kothari (2004), argues that content analysis is a central activity whenever one is concerned with the study of the verbal material. Since primary data collected was qualitative in nature, content analysis method was utilized. The reason for using this methodology is that it does not restrict informants on the answers and it has the potential of generating more information with many details.

CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND DISCUSSIONS

4.1 Introduction

This chapter gives a detailed analysis of data collected, the findings and interpretation of results. The interview was personally administered through personal interview and probing the informants from three departmental heads. Various themes emerged from the interview conducted. The study was intended to achieve two main objectives. The first one was to determine application of price leadership strategy by ETKL and secondly to establish factors that influenced ETKL in choice of price leadership strategy. The interview guide was designed in two parts, the first part sought data on application of price leadership strategy and part two sought data on the factors influencing on the choice of price leadership strategy. The findings are presented in qualitative data using content analysis.

4.2 Research Findings

Four interviews were intended to be carried out to the CEO and three departmental heads. The research however conducted interview for three departmental heads. The informants in this case were top level managers who were directly involved with developing strategies of their respective department which had an outlook of the organization strategic plan. These top level managers were selected because of their in-depth understanding on issues pertaining the operation and strategic management of the firm. All informants were based at ETKL head office in Nairobi Kenya. Their experience in the organization and education background proved to be a great source of knowledge and information on this study.

4.3 Informants Profile

The information acquired related to position held, departments the informants were currently and working duration the informants have worked at ETKL. The three informants were drawn from new business development, strategic planning and business intelligence departments and generally, the informants have held their position between 2 – 4 years.

This was the right target of the study given that these individuals were the ones who worked closely in the implementation of various strategies of the organization. Their experience in the organization and education background proved to be a great source of knowledge and information on the topic understudy.

4.4 Nature of Competition within the Industry

The interview guide sought responses on the nature and scope of competition within the industry. From the responses received from the informants, it was clear that the environment within which ETKL operated was quite stiff and competitive. The informants further cited that they considered the environment to be stiff mainly because of the frequent actions taken by their rivals in the market. On the question of toughest competitors, interviewee stated that they had quite a number of competitors in the industry who included; Airtel Networks Kenya Ltd, Safaricom Ltd, and Telkom Kenya Ltd (Orange). The Study found out that ETKL considered these four mobile service providers to be their competitors because all these companies had similar products and services being offered in the market which are mobile phone services, money transfer services, cellular routers, data modems, wireless redundancy business continuity solutions, cabling and data solutions and remote wireless video back haul solutions.

4.5 Basis of Competition

The informants were asked to identify the basis they used to compete as a company. The informants noted that the company concentrated on ensuring that prices were lower than what their competitors offered in the market. They stated that, currently, calls within their network were free of charge and that across other networks; their call rates were lower than of competitors. For instance, they stated that Safaricom limited and Telkom Kenya limited were the most expensive as shown in table 4.1 below.

Table 4.1: Calling Rates Within the Industry

COMPANY	Charge within network per minute in shillings	Charge across network per minute in shillings
ETKL	0	2.00
Safaricom Ltd	3.00	4.00
Telkom Kenya Ltd (Orange)	3.00	4.00
Airtel Networks Kenya Ltd	3.00	3.00

On the messaging charges, the informants too showed that their rates as at October, 2012 were very minimal as compared to other players in the market, as shown in table 4.2 below. In fact the informants said that sending text messages both on and across network was free of charge.

Table 4.2: Messaging Rates Within the Industry.

COMPANY	Texting Charge within network per message in shillings	Texting Charge across network per message in shillings
ETKL	0	0
Safaricom Ltd	1.00	2.00
Telkom Kenya Ltd (Orange)	2.00	2.00
Airtel Networks Kenya Ltd	1.00	1.00

On the money transfer charges to registered users, informants noted that ETKL does not charge its customers on sending money to its registered users, whilst its competitors do as shown below,

Table 4.3: Money Transfer Charges to Registered Users

	Transaction charges (Ksh)			
Send money to a registered user (Ksh)	ETKL	Safaricom ltd	Telkom Kenya ltd	Airtel networks Kenya ltd
100-2500	0	30	30	25
2501-5000	0	50	30	25
5001-10000	0	50	30	25
10001-2000	0	50	30	25
20001-35000	0	75	40	25
35001-50000	Not applicable	100	40	Not applicable
50001-70000	Not applicable	100	50	

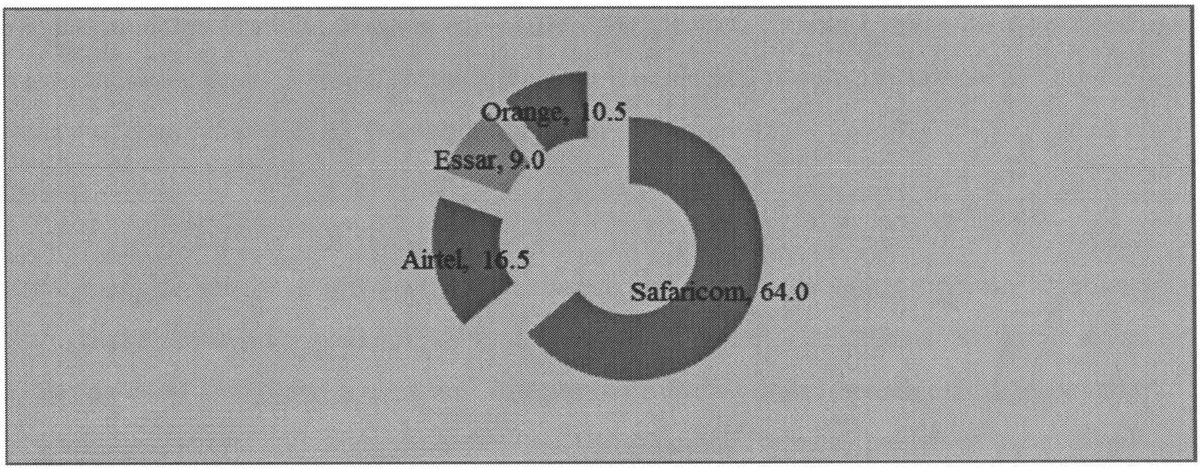
On charges applicable to ETKL and other players in the market as regards to withdrawal of money by registered users, informants gave out the following rates. From the information gained from the informants, in all the categories of money withdrawal limits, ETKL had the minimum rate charged

Table 4.4: Money Withdrawal Charges to Registered Users

	Transaction charges (Ksh)			
Money Withdrawal registered user (Ksh)	ETKL	Safaricom ltd	Telkom Kenya ltd	Airtel networks Kenya ltd
100-2500	20	25	25	25
2501-5000	40	60	45	45
5001-10000	65	145	75	75
10001-2000	130	160	145	145
20001-35000	150	170	170	170
35001-50000	Not applicable	250	195	250
50001-70000	Not applicable	300	225	300

The informants further felt that application of price leadership strategy was more effective to deal with competition basically because with low prices in the market, the company will increase their sales and hence high profitability leading to increased market share in the long run as evidenced by the Communications Commissions of Kenya CCK 3rd Quarter 2012 Report, in which Essar Telecom Kenya Limited saw its market shares rise by 0.3 percentage points to reach 9.0 percent at the end of the quarter while Safaricom Ltd market share by subscription dropped marginally from 65.3 percent recorded the previous to 64.0 percent. Similarly, Telkom's (Orange) recorded a decline of 0.1 percentage points to record 10.5 percent market share at the end of the quarter.

Figure 4.1:Percentage Subscription Market Share per Operator



Secondly, with lower prices, informants pointed out that demand of the company's products would increase considering the price sensitive customers and this will still yield the company industry standard profit. As per the informants, ETKL customer subscription rate increased by 4.1 percent from 2,554,258 to 2,659,647 subscribers from March to June of this year. Airtel recorded the largest gains in new subscriptions of 430,726 representing growth of 9.6 percent over the previous quarter followed by Essar that gained 105,389 subscriptions (4.1 percent growth) and Telkom which gained 23,394 subscriptions (0.8 percent growth). Only Safaricom recorded a decline in subscriptions of 67,719 which represented 0.4 percent drop from the previous quarter as shown below,

Table 4.5: Market Customer Subscription Rate per Operator.

COMPANY NAME	Jun-12	Mar-12	change %
Essar Telecom Kenya Limited	2,659,647	2,554,258	4.1
Safaricom Limited	19,006,981	19,074,700	-0.4
Airtel Networks Kenya Ltd	4,914,060	4,483,334	9.6
Telkom Kenya Limited (Orange)	3,122,751	3,099,357	0.8

The informants cited that companies that adapt to a price leadership are also typically in a more sustainable business position especially during tough economic times, or when price wars beat down price potential, companies with lower costs of doing business have a better chance of survival and ETKL is not an exception.

Another major benefit of low-cost leadership cited by informants is that an entity will have more capital resources available to fund growth or further investments. With the basic operating costs being low, a company will put more money into research and development, technology upgrades and other business expansion. Too, the company may even use available funds to promote new or untapped market segments. Growth and new investment also appeal to a public company's shareholders that like to see free cash flow being reinvested. This has seen ETKL engage into increased promotional and special offers all targeting the youth.

One greatest risk in pursuing a Cost Leadership strategy as noted by the informants is that these sources of cost reduction are not unique to any entity, and that other competitors may copy your cost reduction strategies. This is evidenced by the numerous actions taken by the players within the telecommunication industry here in Kenya where we are seeing all of the players engaging in fierce promotions advertising for their offerings in the market. The informants further agreed that is why it is important to continuously find ways of reducing every cost. “One successful way of doing this is by adopting the Japanese kaizen philosophy of continuous improvement", an interviewee added.

The informants cited that though differentiation strategy has various benefits which included the fact that the company may charge a premium for its product or service due to the confidence which the entity has highly developed and strong corporate identity, a company can readily pass along higher supplier costs to its customers because of the lack of substitute or alternative products on the market. They too noted that with differentiation strategy having a loyal customer following up with them helps stabilize the company's revenue and lessens the impact of market downturns because of customer loyalty in good times and bad and that it is possible for business to compete in areas other than price.

This study too found out that a successful product differentiation strategy creates brand loyalty among customers and enables a company gain market share through perceived quality or cost savings may create loyalty from consumers. The company must continue to deliver quality or value to consumers to maintain customer loyalty. In a competitive market, when a product does not maintain quality, customers may turn to a competitor. A product differentiation strategy that focuses on the quality and design of the product may create the perception that there is no substitute available on the market. Although competitors may have a similar product, the differentiation strategy focuses on the quality or design differences that other products don't have. The business gains an advantage in the market, as customers view the product as unique.

Despite all the benefits, the interviews attested that ETKL has not concentrated on differentiation strategy because of the following factors.

An interviewee noted, 'Imitation is the sincerest form of flattery. A company that succeeds in implementing a differentiation strategy must worry about competitors' copying its business methods and stealing away its customers'. In addition, implementing a differentiation strategy is costly. It may take years before a company achieves a strong brand image that sets it apart. During that time, the company faces the risk of changing consumer tastes or preferences. In such a case, the company may not have sufficient customer demand to offset its higher costs, which may lead to a loss.

The informants further cited that it was difficult to maintain differentiation for an indefinite amount of time because of competition. Many companies attempt to find the right balance by competing on such things as price, service and quality, or on any combination of attributes that it believes are important to its customers to gain a competitive advantage. Furthermore, product differentiation is synonymous with high levels of advertising expenditure. Companies offering differentiated products invest heavily in marketing to attract customers. This further restricts new companies since many of them lack the capital to advertise effectively.

According to the informants, product differentiation does not provide any tangible benefits to a company if its basis is something a customer does not value. This is true for unnecessary features that offer no useful advantage to customers. Differentiation is difficult to sustain for the long-term. Customer tastes change with time and competitors move to copy and imitate successful differentiators, making long-term perceived uniqueness difficult to maintain.

4.6 .Senior Management Role in Strategy Implementation.

Leadership is a critical element in strategy implementation. All informants agreed that the management had a direct influence on the choice of strategy and at such had a direct influence on the application and implementation of a strategy. According to Johnstone and Scholes 2001, top management is essential to the effective application of a strategy. They provide a role model for other managers to use in assessing the salient environmental variables, their relationship to the organization, and the appropriateness of the organization's response to these variables. Top management also shapes the perceived relationships among organization components.

The informants attested to the fact that the role of the managing director is fundamental since he is seen as a catalyst closely associated with, and ultimately accountable for the success of strategy. The Managing director's actions and perceived seriousness to a chosen strategy indeed influence staff commitment to strategy implementation. It was clear from the informants that the senior management were in the forefront for effective implementation of the strategy. The informants also pointed out that rules on how employees should behave were put in place under the company code together with company values by senior management on how the staff should adopt and put in place the chosen strategy.

Informants stated various approaches that the senior management uses in providing leadership in strategy implementation which were:-

4.6.1 Commitment

Strategy choice requires ongoing commitment at the top and across the organization to guide in organizational behavior and lead by example. According to the informants of this case study, there has been large commitment from the organizational leaders. Commitment of senior management was a major factor that came out of the interview as critical in ensuring successful implementation of the chosen strategy. Informants noted that senior management's commitment helps employees participate in taking charge of some of the activities that they have agreed on. Informants agreed that participation convinces employees that the targets are achievable and thus can increase their commitment to achieve the set targets. With this being put in place, informants attested that they are motivated to work hard to ensure that the strategy is implemented.

4.6.2 Communication

Communicating to employees on when and how the strategies will be carried out came out as a way that senior management used to remind employees of where they are and what remains to be tackled. The researcher entailed to know senior management used communication to assist in strategy implementation. Informants said that this has worked well in ensuring that progress is monitored and failure to achieve has no excuse. They attested that the organization's communication department together with that in charge of strategy implementation communicates any new changes in structure through their management information system and generally the environment changes that may or affect the strategy and any measures that have been taken including provision of additional resources like time, equipment, access to information and more staff to handle any unexpected changes in strategy. This motivates the employees and makes them feel appreciated and supported thereby increases their commitment to implementation of the strategy.

4.6.3 Technology

ETKL has been installing management information systems that enables employees collect and maintain information online so that they can perform the activities required for successful strategy implementation without any drifts or delays. Interviews also noted that the management has been organizing programs for training employees in order to build and strengthen competitive valuable competencies and organization capabilities necessary to meet the ever changing environment so that the strategy is implemented.

According to Thompson et al (2007), effective strategy implementation depends on competent personnel and effective internal systems. The senior management are involved in the design of information systems for the organization. In this role, managers influence the environmental variables most likely to receive attention in the organization. They must also make certain that information concerning these key variables is available to affected managers. They too must also provide accurate and timely feedback concerning the organization's performance and the performance of individual business units within the organization. Organization members need information to maintain a realistic view of their performance, the performance of the organization, and the organization's relationship to the environment.

4.6.4 Continuous Improvements

Continuous improvement is a program that management have given a lot of preference to ensure that strategy choice and hence its implementation is a success. Employees attested that they have incorporated and embraced continuous improvement of their operations. They too confirmed that continuous improvement is part of the programs recognized by the senior management as an ISO procedure and thus widely practiced by ETKL. According to Powell (1995), organizations of best practices and continuous improvement programs involve reforming the corporate culture and shifting to a total quality business philosophy that personates every facet of the organization. The informants noted that effective use of continuous improvement techniques is a valuable asset in the company's resource portfolio, one that can produce competitive capabilities and be a source of competitive advantage. Not only do ongoing incremental improvements add up over time and strengthen organizational capabilities but continuous improvement programs are hard to imitate. The long term payoff depends heavily on management's success in instilling a culture within which continuous improvement philosophy and practices can thrive.

4.6.5 Creativity

"Making sure that ideas and suggestions of employees are valued and respected is important practices that motivates us and helps create an atmosphere that supports strategy choice and therefore its implementation," informant said. ETKL encourages employees to be creative by pushing decision making down to them. This empowers employees and increases employee motivation and satisfaction as well as boosting their productivity.

4.6.6 Employees Remuneration

Employees are the back bone of strategy choice and hence its implementation. They therefore need to be remunerated commensurate to tasks assigned to them. Providing attractive packages and benefits help create a good work environment that supports strategy execution. Here are some of the packs and benefits given to ETKL employees that informants confirmed; casual dressing every Friday, maternity leave, annual paid leave, house allowance, commuter allowance, airtime, medical cover for all staff and family and annual salary increments. According to this study, all these packs create a work atmosphere where there is genuine sincerity, motivation and mutual agreement among all employees to work towards implementing a strategy.

4.7 Factors Influencing ETKL into Strategy Formulation.

Quite a number of factors influence a company into a choice of strategy. Such factors are considered vital for successful choice and hence implementation of strategies. Informants identified various factors considered by ETKL which are discussed below.

4.7.1 Employee Participation in Planning

The level of success of a strategy depends on the degree of participation in planning and on acceptance of goals. Informants noted that ETKL usually organizes for workshops for her employees at every stage of planning for strategies to encourage full support and participation from all employees. Strategy choice involves managers and subordinates jointly establishing and clarifying employee goals. ETKL employees are involved in strategy choice and the informants said this increases their motivation and performance. Their participation ensures that targets are achievable and hence can increase their commitment to achieve.

4.7.2 The Company's Goal and Objective

Ansoff (1990) states that the key component of any strategy statement is to set the long-term objectives of the organization. He further notes that strategy is generally a medium for realization of organizational objectives. Objectives stress the state of being there whereas strategy stresses upon the process of reaching there.

For a company to excel and survive in its operating environment, it must put into place operating strategies that would lead the organization in meeting its set goals and objectives. Informants stated that strategy includes both the fixation of objectives as well as the medium to be used to realize those objectives and that it is essential that the factors which influence the selection of objectives must be analyzed before the selection of objectives. Once the objectives and the factors influencing strategic decisions have been determined, it is easy to take strategic decisions. In choosing price leadership strategy, the informants noted that the overall company objective which has been to become the best sales and distribution company in Kenya were considered which determined the manner of deployment of resources so as to achieve the objectives.

4.7.3 Organizational Environment

Evaluating the general economic and industrial environment in which the organization operates is very vital for a successful strategy formulation. Informants attested that this includes a review of the organizations competitive position as well as conducting a qualitative and quantitative review of an organizations existing product line. They further explained that the purpose of such a review is to make sure that the factors important for competitive success in the market can be discovered so that the management can identify their own strengths and weaknesses as well as their competitors' strengths and weaknesses. After identifying their strengths and weaknesses, informants stated that an organization must keep a track of competitors' moves and actions so as to discover probable opportunities of threats to its market or supply sources.

4.7.4 Target Market

An organization must practically fix the quantitative target values for organizational objectives. The idea behind this is to compare with long term customers, so as to evaluate the contribution that might be made by various product zones or operating departments. Informants noted that before ETKL adopts to any strategy, it has always been their culture to consider their targeted markets, in order to ensure that the strategy selected will help the company to achieve its targeted market thereby leading the company to achieve their goal without any deviation whatsoever.

4.8 Environmental Factors Affecting Strategy Implementation.

Environmental factors affects each and every organization, ETKL is not an exceptional. Pearce et al (2008) describes external environment as all conditions that affect strategic options but which are beyond the firm's control. Forces at work in the external environment are dynamic and include political, economic, technological and social factors, this were the same factors that were echoed by the informants.

Further, the informants stated that ETKL is affected by stability of the government, where by the opposition is always in constant fight with the government and often times the political temperature is high. The informants affirmed that Government type (dictatorship, democratic), economic policy of the government, which include elimination of bureaucracy, trade policy and diplomatic events in surrounding countries have all affected the ETKL political environment.

4.8.1 Economic Environment

The informants affirmed that economic environment refers to the aggregate of the nature of economic system of the country, the structural anatomy of the economy to economic policies of the government, the organization of the capital market, the nature of factor endowment, business cycles, the socio-economic infrastructure etc. The successful business visualizes the external factors affecting the business, anticipating the prospective market situations and makes suitable to get the maximum with minimize cost.

The informants stated that economic environment include interest rates, wage rates and inflation all of which measure the general cost of doing business. The informants too added that if these rates raise, so does the cost of maintaining business since it costs more to borrow, which in turn necessitates higher prices for products and services. The interest rate affects retail sales, as lower rates indicate that people have more disposable income to spend. The informants also asserted that interest rates play a big role in the economic dimension of ETKL because a low rate ensures that it will cost less to get the needed financial resources to start or expand a business

4.8.2 Social Environment

Changes in social trends can impact on the demand for a firm's products and the availability and willingness of individuals to work. The informants stated that environment of a nation determines the value system of the society which in turn affects the functioning of the business. Thus the sociological factors such as costs structure, customs and conventions, cultural heritage, views towards wealth and income and scientific methods, respect for seniority, mobility of labor have far-reaching impact on the ETKL as a business entity.

4.8.3 Technological Environment

The business in a country is greatly influenced by the technological development this was the assumption made by the informants. The technology adopted by the industries determines the type and quality of goods and services to be produced and the type and quality of plant and equipment to be used. Thus the informants affirmed that technological environment influences the business in terms of investment in technology, consistent application of technology and the effects of technology on markets. These advancements in automation and information technology have posed the challenging situation for the organization in future.

4.8.4 Legal Environment

The informants stated that legal environment includes flexibility and adaptability of law and other legal rules governing the business. The informants felt that the taxation by the government is high.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS.

5.1 Introduction

This chapter gives a summary of the findings, discussions and conclusions drawn from the study. This chapter also comprises limitations of the study and suggestion for further research.

5.2 Summary of findings

As per the objectives of the study, this study has identified and discussed the findings using content analysis as informed by employees who participated in this study. The study had two objectives which were; to determine application of price leadership and to determine factors that led ETKL to the choice of price leadership strategy. It is apparent that successful application of a strategy is an all-inclusive process that requires all stakeholders in the organization to play their part if success is to be achieved. This study has confirmed that that ETKL has applied price leadership to fight competition in the market. With this application, the company has been in a position to retain its market share and at the same time retain industry average profits.

Informants also attested that all staff within the organization were involved in the strategy choice and that senior management was in the forefront in providing leadership on the application of the price leadership strategy. The study further found that leadership is considered critical to the successful application of the chosen strategy. In particular the study has found that the role of the senior management in strategy application is fundamental since it is seen as a catalyst closely associated with and ultimately accountable for the success of a strategy. The management's actions and perceived seriousness to a chosen strategy will influence employee commitment to implement.

The informants mentioned commitment, communication, technology, continuous improvement, creativity and employee remuneration as having great impact on how ETKL implemented the strategy at hand. This study also found out that the management were fully committed to ensure that the strategy implemented was a success by devising and putting in place a good communication channel across all departments and staff to ensure that the strategy is implemented. An effective management information system was also put in place that enables employees perform their activities required for strategy implementation.

The study has further confirmed that a number of factors have influenced ETKL in choosing price leadership strategy which were employee participation in planning, company's goals and objectives, target market, organizational environment and level of proficiency.

This study too has discussed each of the uncontrollable factors in the external environment that have adverse impact on the application of the price leadership strategy.

5.3 Conclusion

The study has deducted that ETKL has applied price leadership strategy. The study further established an understanding of differentiation strategy among players in the telecommunication industry in Kenya. Porter (2009) points out differentiation provide insulation against competitive rivalry because of brand loyalty by customers. This also creates entry barriers and increases the margins avoiding the need for low cost position. However, the study indicated that ETKL has been able to attract many customers and hence increase their profitability not on their ability to offer unique products, but on the fact that the company offers substantially lower price than its Competitors.

5.4 Limitation of the study

This study was faced by a number of limitations; but perhaps the one that takes prominence is the lack of similar studies conducted in the Kenyan context. Therefore, information was limited. Some informants were reluctant to respond to certain questions demanding that the questions be rephrased or be reviewed in a certain way so as to capture their thinking.

Time constraint was also an impediment. All of the informants were senior executives with busy schedule. It was challenging to have them accept and respond appropriately to the questionnaire. Confidentiality was also barrier to achieving all the required information.

In using the interview guide as a data collection method, there are some inherent weaknesses. Some of those experienced in this study are: Some informants may have given a better picture than what actually obtains especially for some managers where the interview guide questions touched on their core areas of work. Some informants may have misunderstood some of the questions, thus did not provide the required information.

5.5 Recommendations for further Research

Organizations operate in very dynamic environs. This implies that organizations should be able to identify the kind and type of strategy they ought to adopt in order to remain competitive. Organization should be in a position to develop and appropriately adopt strategies that would drive the organization towards achieving a sustainable competitive position in the market.

There is adequate opportunity for further research on other individual porter generic strategies implementation in ETKL. It is recommended that in order to create a better understanding of strategy choice in ETKL, more needs to be studied in terms of challenges affecting the choice of the strategy and ways in which these challenges can be overcome. This will enable scholars to draw more accurate conclusions on the state of strategy application at ETKL. This is necessary to ensure that the ETKL has capacity to achieve its objectives.

It is apparent that strategy choice has been widely embraced by ETKL. However, in order to ensure that strategy is better understood, it is important that the reasons for certain practices and factors of strategy implementation be investigated and fully documented. In order for the ETKL to deliver the best results for Kenyans, it is important that studies be conducted on how effective strategy is being implemented and also which strategic management tools and framework could give ETKL better results in implementing strategy.

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APPENDIX 1: INTERVIEW GUIDE

1. Position held in the organization...
2. Department...
....
3.Duration you have worked in this organization..

Section A: Environmental Challenges.

4. (a) Do you consider competition in the industry to be stiff/ relaxed? ....
....
....
....
(b) Why do you consider it to be so?...
....
....
....
....

5. (a) Which firm(s) do you consider being your toughest competitors? ....
....
....
....
(b). Why do you consider them to be your toughest competitors?...........................
....
....
....
....
(c) What services or products do they offer in the market?..................................
....
....

6. Which of the following do you use as a basis to compete?(Tick the appropriate)

   (a). Ensuring your price are lower than those of other competitors

   (b). Offering a unique product to the market.

7. (a) Do you find this basis effective for competition?..

   (b)Why do you rely on that basis of competition?..

   ....

   ....

   ....

   ....

8. (a) Do you consider it to be more effective than the other?....................................

   (b) Why...

   ....

   ....

   ....

   ....

9.(a)Is the senior management of the institution in the forefront in providing leadership to enable application of the strategy?...

   (b) please indicate how?...

   ....

   ....

   ....

Section B: factors influencing choice of strategy

10. What factors influenced your company into the choice of this strategy?................

   ....

   ....

   ....

   ....

………………………………………………………………………………………..

11. Do we have any uncontrollable factor in the external environment that has adverse impact on the application of strategies? Comment on the nature and source………………………………………………………………………………………
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THANK YOU!