INFLUENCE OF BUSINESS STRATEGIES ON THE PERFORMANCE OF TELECOMMUNICATION COMPANIES IN KENYA

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DECLARATION

This research project is my original work and has not been submitted to any other university for examination.

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

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DEDICATION

I dedicate this research project to my parents and siblings for their prayers, love, support, and encouragement; through their advice they gave me the courage and determination to complete my studies and showed me impossible is nothing to them that believe.

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Sincerely grateful to God my father for giving me good health, sound mind and strength to go through this study never would have made it without Him. Much gratitude also goes to my supervisor Dr. Kennedy Ogollah for his tireless effort through guidance, support and constructive criticism throughout the research project writing. my college mates and good friends for guiding and praying with me through this process. I would also thank all the telecommunication companies that I sampled as part of this project for their cooperation and willingness to provide information without which this study would not have succeeded.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS AND ACRONYMS

ARPU : Average Return Per User

ARPA : Average Revenue Per Account

CSP : Contents Services Provider

NFP : Network Facilities Provider

ASP : Applications Services Provider

CA : Communications Authority of Kenya

GMPCS : Global Mobile Personal Communications by Satellite

TELECOM : Telecommunication Companies

RBV : Resource Based View

ABSTRACT

The context of the study was telecommunication companies; the objective was to establish the influence of business strategies on performance of telecommunication companies in Kenya. It was guided by the following research objectives: to establish the influence of business strategies on performance in telecommunication companies, the study targeted 64 companies operating in Kenya .This was done to explore and highlight strategies that telecommunication companies utilized to spur remarkable growth in terms of the market share as well as its unprecedented strong super profit within the industry in Kenya. The study employed a simple random sampling methodology to select a sample representative of the total population. The main tool for collecting data was questionnaire as a Primary source The questionnaires were personally administered by the researcher to allow for further probing on issues that may not have been clear to the respondents, the data was analyzed using descriptive statistics The study found various strategies were employed that include: technology strategies, new product creation and differentiation, providing outstanding customer service, human resource strategies and competitive strategies. The study concluded that these strategies were found to enhance the performance of this companies resulting to growth and profitability. The findings also show a significant relationship between the strategies adopted by telecommunication companies in Kenya and their respective performances with respect to the following objective performance indicators: total revenue growth, number of subscribers, market share growth and overall performance. The study recommends that telecommunication companies should implement business strategies because they have a link towards profitability, competitive advantage, market share thus the general performance of an organization.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

To build a strong and profitable business it is necessary to develop a strategy. Essentially business strategy is the process that the organization takes to make decisions about the business direction, a plan that allows a business or organization to direct activities that are consistent with the goals of the business owner and the organization and spend money wisely in order to create the greatest amount of return on investment. Business strategy is used as an umbrella term to denote the broad range of strategic options open to the firm including both organizational and functional management strategies, product/ market strategies and diversification strategies. (Bell, Crick & Young, 2006).

Business strategy is the outcome of decisions made to guide an organization with respect to the environment it operates in structure and processes that influence its organizational performance. Approaches to identifying business strategies are textual, multivariate or typological (Hambrick, 2005). The effect of strategies on firm performance is analyzed in numerous studies. According to Porter (1980, 1985), firms with a clear strategy outpace firms without a strategy. Lorenz (2005) viewed the world as so complex and chaotic and hence need to employ strategies which will align the firm to adjust to the environment.

It is always important to evaluate the strategies that work towards the overall performance and objectives of the business a balanced scorecard can be used for evaluation. The link between strategies and organizational performance is a key issue in the field of strategic management.

This study considered three theories, Firstly the theory of competitive advantage which would reflect how competitive strategies such as differentiation, low cost and innovation strategy influence performance. Secondly the stakeholder theory that advocates how employees and management should associate with stakeholders, customer service strategies and employee management strategies will be used to expound on this theory. Thirdly, resource based view that focuses on organization resources, for this study we shall look at technology hence technology strategies and how diversifying into IT products and services can influence performance of an organization.

Telecommunication is amongst the most important driving factors of our economy, It is also a very profitable industry therefore my motivation for this study was to look at the challenges, opportunities and effective strategies in this industry. In today's competitive and dynamic environment, telecommunication companies need to develop, manage and monitor their businesses effectively to enhance their market performance. This requires the formulation and implementation of effective business strategies to produce great performance (Brenes, Mena & Molina, 2007). Business strategies are viewed as enablers of organization growth as it streamlines internal operations and stimulate access to business opportunities and markets; enhance business-related efficiencies, increase productivity and profitability (Horvits, 2005). The primary objective of telecommunication companies is to provide communication services to customers and subscriber's growth which overtime leads to profitability and growth. This paper is an attempt in this direction to examine the extent to which business strategies could or has influenced performance in the Kenya telecommunication industry.

1.1.1 Concept of Strategy

Adler (2011) defined business strategy as the long-term plan of action a company may pursue to achieve its goals. A business strategy is an overall plan of action which defines the competitive position of a firm. It clearly articulates the direction a business will pursue and the steps it will take to achieve its goals. In fact it results from the goals established to support the stated mission of the business. Business strategies are undertaken with the goal of improving service delivery, increasing efficiency, expanding service and channel offering and meeting the demands of citizens for quality services in a manner that is consistent with their range of financial, environmental, and social concerns. Lester (2009) argued that business strategy enables a firm to define its business today and tomorrow, and determine the industries or markets to compete.

As organizations transform their delivery channels and working practices to satisfy greater customer demands and cost-efficiency, many deploy business strategies to meet these specific goals and general organizational objectives (Li, Guohui & Eppler, 2008). Business strategies are implemented through the major functional areas in finance, production, marketing, human resource management (HRM), and research and development (R&D). In turn each functional strategy is made up of several activities. Therefore, activities act as guides to the realization of the overall business strategy (Mintzberg & Quinn, 1992). Business strategy is concerned with the patterns of choices Thus there are countless variations in the strategies that companies employ, mainly because each company's strategic approach entails custom-designed actions to fit its own circumstances and industry environment.

The effectiveness of the overall business strategy depends substantially on how well activities in the various functional areas are integrated to form a pattern. The ability to outperform competitors and to achieve above average profits lies in the pursuit and execution of an appropriate business strategy (Yoo, Lemak & Choi, 2006).

1.1.2 Performance

Performance in telecommunication companies is measured by both financials and non financials measures. The most widely used financial measure in measuring performance for telecommunication companies is Average Return Per User (ARPU) investopedia (2015) This metric is important in the telecommunications industry, as it illustrates the company's operational performance. The ability to maximize profits and minimize costs associated with servicing each end user is key to these companies. Because telecommunications companies are service providers instead of manufacturers of a product, investors want to measure marginal profit and cost on a unit level, revealing how well the company utilizes its resources. The higher the average return, the better. Generally, telecommunications companies that offer bundling services enjoy a higher ARPU. However ARPU is becoming less relevant due to the growing trend for each customer to own multiple SIMs. As device and SIM ownership increases, operators are exploring new ways of capturing and expressing customer spends, such as the average revenue per account (ARPA).

These companies use churn metric which is always a measure of attrition or loss, in most companies it measures the number of subscribers who leave and is often reported quarterly. Obviously, a low churn rate is ideal. Companies that experience a high churn rate are under more pressure to generate revenue from other areas or gain new clients. A telecommunications company's future revenue growth has much to do with its ability to grow its customer base and add new subscribers.

Subscriber growth is an extremely important metric. A steady subscriber growth rate indicates a competitive telecommunications company that is keeping up with technology trends, thereby keeping customers happy and attracting new customers. Hunger and Wheelen (2005) say that strategies which are set of managerial decisions and actions determine the long term performance of an organization.

1.1.3 Telecommunication Companies in Kenya

The telecommunications companies in Kenya are engaged in the sharing of information over long distances by means of technology. According to the Kenya Information and Communication Act (1998) Kenya Communication Amendment Act (2009) and Kenya Communication Regulation (2001)Telecom companies in Kenya are categorized under Network Facilities Provider (NFP) This category covers telecom operators who are authorized to construct, own and operate any form of communications infrastructure (whether satellite, terrestrial, mobile or fixed) within the country. This would include mobile operators, data carrier network operators and local loop providers among others this because communication technology uses channels to transmit information.

Applications Services Provider (ASP) this covers operators who are authorized to provide all forms of services/applications to end-users using the networks of NFPs. This would include internet service providers, internet exchange points and GMPCS service providers among others. Contents Services Provider (CSP) This category covers telecom operators who are authorized to provide all forms of contents services such as, information services and data processing services. This would include providers of the premium rate services, credit card validation, audio text services and other web based public commercial information providers. Operators who fall in more than one category will be expected to obtain applicable licenses for all the categories under which they operate.

The Communications Authority of Kenya (CA) is responsible for the development and implementation of policies and strategies with respect to telecommunications services in Kenya. The Authority licenses, telecommunications operators, service providers monitor their performance on a continuous basis to ensure that they discharge the obligations as stipulated in their licenses and are adhering to the provisions of the Kenya Information and Communications Act, 1998 and the Kenya Communications Regulations, 2001.

Telecommunication is now the hub for the economic development of the country. For this study we shall concentrate on mobile operators, internet service providers and data carriers network. Since 1999, Kenya has experienced radical changes as the liberalization process of the telecommunications sector began. Development of a large-scale telecommunications infrastructure in Kenya, capable of delivering efficient.

Kenya has today become host to a flourishing ecosystem where numerous software applications, services and even social habits have emerged from the country's aptitude, and appetite, for mobile transaction platforms. The era of industrialization and information age has made the telecommunication industry expand into diversified functions to support the growth of technological advancement for better services demanded by any nation (Sultana, Irum, Ahmed, & Mehmood, 2012)Its importance to any country cannot be overemphasized. Telecommunication operators in both fast-growing and mature markets are under high pressure in today's business climate. These changes create opportunities but there is also increasing competition within the industry and from other industries. The liberalization of the sector, the extension of services by multinational conglomerates and the active competition currently in place in the sector have all contributed to the telecom revolution. Many African governments have developed their telecommunication infrastructure by privatizing their former state-owned enterprises (Al-Debei, & Avison, 2011).

1.2 Research Problem

Without a business strategy an existing business can drift away from its customers and become uncompetitive within its environment and eventually stops making profit. The application of business strategies requires a host of expensive and time consuming changes both in the organizational culture and structure hence many companies have had to overlook some necessary and critical business strategies. This has had a devastating negative effect on their performance as it has resulted in poor service delivery, increased internal inefficiencies, poor sales and profits; and most importantly reduced contribution to the creation of job opportunities and also the overall organization performance. Robinson & Pearce (2014) in their study on strategy development and implementation, established that small firms do not commonly follow business strategies and that strategic issues are the domain of large firms and that formal strategic planning has not been a popular practice among small firms because they have neither the time, money nor staff to invest in strategic business development and implementation.

According to Covin, (2007), there is a relationship between strategy and performance, while Chell, Haworth and Brearley, (2001) acknowledged that strategies which result in high performance are identified with activities that include emphasis on product quality, product and service innovations that meet changing customer needs are associated with market share increase arising from attracting new customers and retaining existing ones. Activities associated with high performing strategies also include emphasis on use of technologies, discovery of new markets, excellent customer service and support, extensive advertising, use of external finance, emphasizing cost effectiveness and concern with employee productivity (Vickery, Droge & Markeland, 1993).

The telecommunications companies are changing rapidly and telecom operators must remain responsive in order to keep up. Continued robust growth in connectivity demand, high competition persistent security challenges, and continuing innovation in devices and services, customers expectations, cost savings are among the trends facing the telecommunications industry. What makes one company outpace another is the difference in the business strategies and how they are implemented.

Business is war and the best strategy wins (Craven & Piercy, 2003: 34) has proved correct in as far as telecommunication companies are concerned. Business strategies have played a significant role in the performance of these companies. However, this assertion would better be justified through an in-depth research on the strategies of the telecommunication companies and the impact they have had on this companies.

There is limited information on the influence of business strategies focused on telecommunication companies in Kenya, studies done were case studies and not general telecommunication companies, also the studies done were also focused on competitive strategies only .Thus this study sought to examine the influence of businesses strategies on the performance of telecom companies in Kenya. How do business strategies influence the performance of telecommunications companies in Kenya?

1.3 Research Objectives

To establish the influence of business strategies on the performance of telecommunication companies in Kenya.

1.4 Value of the Study

Academicians and researchers will use this as a good basis for further research on business strategies especially in Kenya. The findings will also be used as a source of reference for other researchers. This study will also build onto other studies that have been done to show the relationship between business strategies and performance. However this study does not presume to offer the ideal measures to be employed to the government, telecommunication industry is vital to the economic growth of the country. It aids trade, source of revenue to the government through taxation and it also offers employment opportunities to the citizens. The government is charged with the responsibility of ensuring protection to both the industry players and the citizens and may use this information when formulating policies and investing in telecommunication companies.

Companies and managers will use this study to determine the role that different business strategies have on enhancing a company's performance, profitability and growth trends in the market. In the long term it provides the organization with focus and direction by identifying the best opportunities worth pursuing as well as the threats to be avoided. Managers can use the findings in this research to implement these strategies in their companies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discusses literature related to and consistent with the objectives of the study. Theoretical foundation discussed involved discussion of Theory of Competitive Advantage and Resource-Based View (RBV), Stakeholder Theory. Empirical literature review was carried out, review of past literature pertaining to business strategies and performance of telecommunication companies was discussed.

2.2 Theoretical Foundation

The review was undertaken in order to provide a clear understanding of existing knowledge base in the problem area. The review considered three theories, the theory of competitive advantage which argued that the firm's profitability is merely a function of industry or market structure within which the firms operate. The main thought of this theory is that internal competencies are the basis for a firm to be a strong competitor in the market meaning that when a firm uses its internal unique resources and capabilities it is better placed to outpace its rivals.

Secondly the resource based view which assumes that firms can be conceptualized as bundles of resources and capabilities that cannot be bought or sold in markets making them valuable, rare, inimitable and non-substitutable. According to this theory an organization's resource comprise of finance, human resources, technology and marketing as organizational resources. Third is the Stakeholder theory begins with the assumption that values are necessarily and explicitly a part of doing business. It asks managers to articulate the shared sense of the value they create to its stakeholders and what brings its core stakeholders together. It also advocates that catering to the welfare of the employees and that of customers has a significant input in performance of organization. The review of these theories assisted in setting the direction of the research.

2.2.1 Stakeholder Theory

The focus of stakeholder theory is articulated in two core questions (Freeman 2010). First, it asks, what is the purpose of the firm? This encourages managers to articulate the shared sense of the value they create, and what brings its core stakeholders together. This propels the firm forward and allows it to generate outstanding performance, determined both in terms of its purpose and marketplace financial metrics. Second, stakeholder theory asks, what responsibility does management have to stakeholders? This pushes managers to articulate how they want to do business specifically, what kinds of relationships they want and need to create with their stakeholders to deliver on their purpose.

Today's economic realities underscore the fundamental reality is at the core of stakeholder theory. Economic value is created by people who voluntarily come together and cooperate to improve everyone's circumstance. Managers must develop relationships, inspire their stakeholders, and create communities where everyone strives to give their best to deliver the value the firm promises. Certainly shareholders are an important constituent and profits are a critical feature of this activity, but concern for profits is the result rather than the driver in the process of value creation. Many firms have developed and run their businesses in terms highly consistent with stakeholder theory. Companies featured in Built to Last and Good to Great (Collins 2011; Collins and Porras 2004) provide compelling examples of how managers understand the core insights of stakeholder theory and use them to create outstanding businesses.

These firms also see the importance of values and relationships with stakeholders as a critical part of their ongoing success. Employees are a major stakeholder in most firms. Employee management strategy has the ability to challenge and motivate employees thus influence firm performance. Stakeholder theory begins with the assumption that values are necessarily and explicitly a part of doing business, and rejects the separation thesis (Freeman 2010). It turns out that customer service strategy could offer a better return on organization investment of time, money and resources. (Hill and Jones, 1992).

2.2.2 Theory of Competitive Advantage

Porter (1980) distinguishes competitive strategies into cost leadership, differentiation and market niche as the sources of competitive advantages. The greater focus on firm-level analysis in the later period has given birth to the RBV. Corbett (2005) strongly believes that internal competencies are the basis for a firm to be a strong competitor in the market. Porter's (1980) generic strategies in the form of cost leadership, differentiation and market focus may be useful, but inadequate for organization to stay competitive. For this study we focused on combination and innovation strategy, combination strategy by mixing of the aforementioned generic strategies. For example, a differentiation strategy would mean the organization has a unique product offered to a targeted market segment. In a focused cost-leadership strategy an organization would use a cost leadership strategy targeted to a specific market segment. There is much debate as to whether or not a company can have a differentiation and low-cost leadership strategy at the same time (Helms 2006). However differentiation and cost-leadership are mutually exclusive.

Innovation strategy is a strategy that promotes the development and implementation of new products and services (Robbins, 2011). Covey (2015) claims that the origin of creativity and innovation lies in a shared vision and mission which are focused on the future. Furthermore, the vision and mission of creative and innovation organization are also customer and market oriented, focusing on solving customers problems among other things (CIMA study text, 2006). Schumpeter (1934) described different types of innovation as new products, new methods of production, new sources of supply, the exploitation of new markets, and new ways to organize business. Dibrell, Davis, and Craig (2008) underlined that innovations vary in complexity and can range from minor changes to existing products, processes, or services to breakthrough products, and to processes or services that introduce first-time features or exceptional performance. A firm, which has competencies in many functional areas, would be better able to remain competitive in the market. It is advisable that mixed strategies, such as cost reduction, innovation and quality enhancement to be adopted simultaneously to gain competitive advantage, regardless of industry. A firm gains competitive advantage by performing these strategically important activities more cheaply or better than its competitors (Jonson & Devonish, 2009).

2.2.3 Resource-Based View

Resource Based View (RBV) assumes that firms can be conceptualized as bundles of resources and capabilities. The resources and capabilities with which firms compete cannot be bought or sold in markets hence they are: valuable, rare, inimitable and non substitutable. This approach emphasizes an inside-out business strategy, in which a firm using its internal unique resources and capabilities is better able to outperform its rivals (Barney, 2006) Capabilities must be developed rather than being taken as given resources must satisfy the user need. Business processes / activities could utilize for their execution: people characterized by their knowledge, experience, skills and talents; machines, devices and tools characterized by their technical characteristics and constraints; methodologies, tools and models installed in the organization, and/or various types of tangible assets buildings, real estate, and intangible assets like patents, brand names (Barney, 2006).

Resource-Based View regard finance, human resources, technology and marketing as organizational resources (Barney, 2006). Porter (1985) regards marketing with special reference to differentiation as competitive strategies of a firm. An effective marketing needs a specialized skill, which allows entrepreneurs to communicate and inform potential customers about their products or services. The RBV argues that technology strategies practices have a positive relationship with firm performance (Barney, 2006). Technical advancements affect the routines, processes and operations of an organization (Armbruster et al., 2008). It changes and applies new procedures and processes that initiate new products or services within the organization in the volatile markets and environments that influence the speed and flexibility of production and the quality of production. Resource based view definitely promotes the organization to encourage competitive advantage, achieve firm excellence, gain organizational advantage, and enhance corporate performance and business sustainability. Interestingly, technical innovation is the innovation with respect to products, manufacturing and facilities (Liao et al., 2008). It pertains to products, services and production process technology.

2.3 Empirical Review

Ayande (2010) sought to find out the business strategies used by Safaricom and the influence in performance. Findings of the study show that the business strategies adopted by Safaricom so as to cope with the competitive environment include vigorous pursuit of cost reductions; providing outstanding customer service; improving operational efficiency; controlling quality of products/services; intense supervision of frontline personnel; developing brand or company name identification; targeting a specific market niche or segment; and providing specialty products/services. The findings also show a significant relationship between the strategies adopted by Safaricom in Kenya and the organization's performances with respect to the following objective performance indicators: total revenue growth, total asset growth, net income growth, market share growth and overall performance or growth.

Akingbade (2015) the study focused on the analysis of business strategies and performance in selected Nigeria telecommunication companies. The study establishes the importance of each of the competitive strategies on the crucial factors affecting the telecommunication performance indices despite local and global challenges facing the industrial business environment. Since their establishment, the four major telecommunication companies had made significant profit from their investment. But despite all the efforts made through the provision of competitive strategies to improve customer satisfaction, retention and loyalty, the customers have not sufficiently enjoyed improved services.

Ronneby & May (2006) looked at business strategies the Colombian mobile phone operators are implementing to their companies to make it successful ,The most important finding we can draw from their research is that Porter´s three generic strategies, mainly the differentiation strategy, still are frequently used in the Colombian telecommunication market. Another conclusion is that a high-speed changing environment, such as the Colombian market, demands that the operators combine and integrate their strategy with other secondary strategies to become successful. They cannot, as Porter says, only depend on one strategy.

2.4 Business Strategies and Performance

Research work of Mutula & Brakel (2006) shows that implementation of business strategy in public sector organizations are placed at the centre of the process of change in public administration. But still he notes that business strategies in public administration will not automatically be translated into an improvement in organizational performances. Many other strategies and organization functions need to be identified and adopted. He however noted that the strategy implementation process is important.

Charles (2010) investigated competitive strategies in response to competitive environment at Post bank, he found that financial implications consideration greatly determine the choice of strategies adopted by the Post bank while competence, creativity, speed, cost implication, sustainability of the strategies, human capital, technological advancement, customer expectations, internal strength and internal capacity to implement strategies came out as the major factors that influence the adoption and implementation business strategies. Arising from the findings from this research, some of the existing policies and Practices may need to be reviewed in order to support the business strategies as well as the strategic objectives. Krop (2014) in his study examined specific business strategies namely human resource, finance, technology strategies that influence the performance of SMEs located in Nairobi County in Kenya. In his findings he noted there are other variables that are location specific which also contribute to the performance of SMEs.

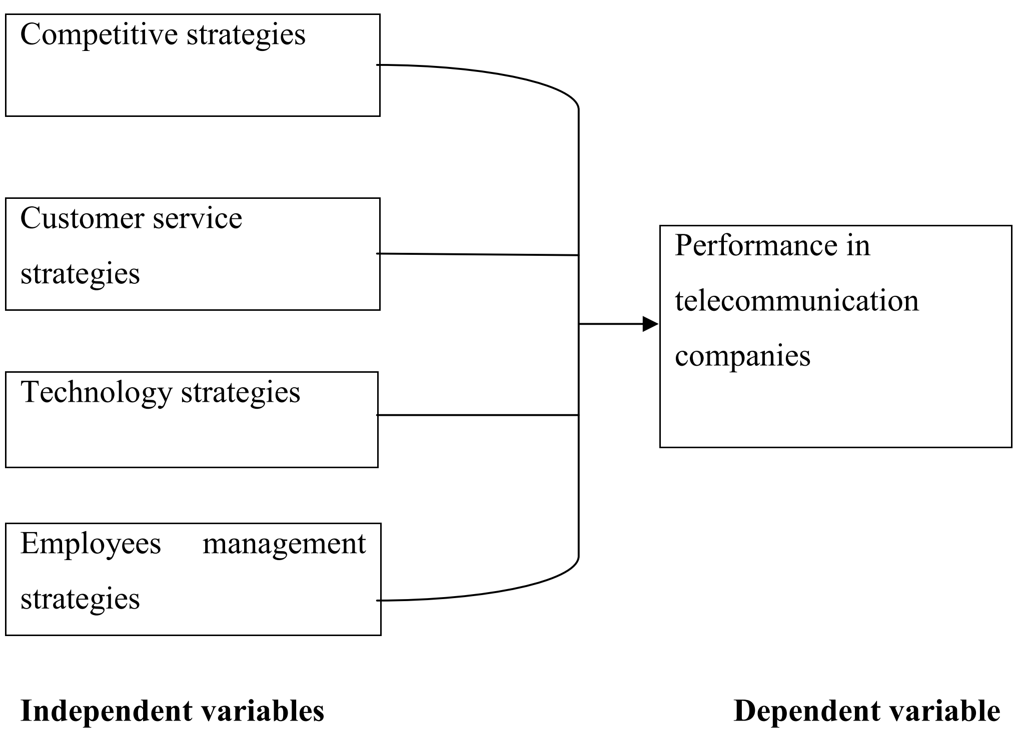
Omanga (2011), investigated the determinants of strategic information system on firm performance of Kenyan SMEs. The study was conducted in SME in Nairobi County. Structured questionnaires were used to collect primary data. Data was analyzed using 16 descriptive statistics such as frequencies, percentage, means and inferential statistics such as Pearson correlation and multiple regression models. The findings are of relevance to Small and Medium Enterprises successful implementation of business strategies particularly when we consider that Small and Medium Enterprises (SMEs) in Kenya has been targeted as a mechanism in generating domestic led investment to stimulate economic development.

Ali (2013) did a study on Innovation strategy and business performance in telecommunication industry case study Somalia they found out that impact of innovation strategy on business performance was great and there was a positive correlation between innovation and performance.

2.5 Conceptual Framework

Portrays how independent variables such as competitive, customer service, technology and employee management strategies when used together influence performance of telecommunication companies in Kenya.

Figure 2.1: Conceptual Framework



2.6 Summary

Business strategies play a crucial role in the organization performance; performance of an organization is determined by the business strategy it adopts. Business strategies are viewed as enabler of organization growth as it streamlines internal operations and stimulate access to business opportunities and markets, enhance business-related efficiencies, increase productivity and profitability. Business strategies are undertaken with the goal of improving service delivery, increasing efficiency, expanding service and channel and meeting the demands of customers for quality services. Business strategies are implemented through competitive strategies, human resource strategies, customer service strategies among many others, they can also be implemented through major functional areas such as finance, production, marketing, Information technology and research and development departments

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the methodology that was used in the study. It covers research design, target and study population, sampling design, research instruments, data collection, pilot test and data processing and analysis. This information will act as a guide to the researcher when performing data collection and analysis.

3.2 Research Design

A research design is defined as the blue print and a detailed plan of how a research study is to be conducted (Neuman, 2006). The study used descriptive research a study designed to depict the participants in an accurate way. More simply put, descriptive research is all about describing people who take part in the study. A cross sectional survey method was used in collecting data from the respondents. In this type of research study, either the entire population or a subset thereof is selected, and from these individuals, data collected will help answer research questions of interest.

The information that is gathered represents what is going on at only one point in time; measurement is by having same variables across all respondents. The method is relatively inexpensive and takes up little time to conduct. Can estimate prevalence of outcome of interest because sample is usually taken from the whole population. Many variables can be assessed and useful in generation of hypotheses; there is no loss because follow up is usually not necessary.

3.3 Target Population

The target population consisted of mobile operator companies, internet service providers, and data carrier network operators, that are categorized by CA as telecommunication companies both large and small companies the study took a target population of 64 telecommunication companies located in Kenya as per information collected from Communication Authority.

3.4 Sampling Design

The study used simple random sampling methodology to select a sample that represents the entire population because the population is homogeneous. Hence the study took 50% of the target population which is 64 thereby obtaining a sample of 32 telecommunication companies from which top and middle level managers were drawn as respondents. Therefore each member of the subset had an equal probability of being chosen thus helped in collecting accurate data. This facilitated the establishment of relationships between independent and dependent variables and made it easier to understand and interpret the implications of the study

This satisfied the law of statistical regularity, which states that if a sample is chosen at random, on average it will have the same characteristics and composition as the population (Kothari, 2009). This was meant to ensure that each object had an equal chance of selection and thus avoid bias selection. Top managers and middle level managers were selected as respondents due to the fact that they have access to the required information and had the appropriate experience to provide relevant information.

3.5 Data Collection

The study used primary data .The data was collected using questionnaires containing semi structured questions. As a method of data collection, questionnaires were appropriate because they were easy to administer, analyze, greater accessibility and cost effective. In order to ensure the reliability and validity of the research instrument expert views and suggestions of the supervisors will be initially incorporated in the questionnaires. The respondents will be managers/employees working for this telecommunication companies

Thereafter the questionnaire was pretested on eight (8) respondents from the target population who were not part of the final sample to ascertain the thinking behind the answers so that the researcher could accurately assess whether the questionnaire would be filled out properly, whether the questions will be understood by respondents, and whether the questions asks what the researcher intents. As a result of the pilot test, initial changes will be made to the identified problems in the research instrument. The researcher will administer questionnaires to the sample respondents. Each respondent will receive the same set of questions in exactly the same way. Prior informed consent will be obtained from each respondent before the questionnaire is given to them.

3.6 Data Analysis

The Data obtained from the questionnaire was chronologically arranged with respect to the questionnaire items to ensure that the correct information is entered for the correct variable. Editing was done after completion of each questionnaire to detect errors. The tabulated data was analyzed using descriptive statistics that enabled the researcher to describe the distribution for all the research variables this served as yet another quality check on the data. Descriptive statistics simply describes what is or what the data show. It would also give a good understanding of how variables behaved.

The data collected by questionnaire had both open and closed questions therefore having quantitative and qualitative data .The researcher therefore analyzed the data using statistics that are used to describe data. The data was analyzed using pie graphs, Percentages and frequency distribution, the study used measures of central tendency in this study the mean and measure of spread such as standard deviation. The researcher was able to describe the data and variables using few statistics which was easy to read and understand.

3.7 Summary

Not all methods can be applied to all research questions: Qualitative methods should be deployed when the research aim is an indepth, contextual analysis of a phenomenon. These methods are very good for answering what and who questions, but not well suited to answering why and where research questions. Quantitative methods should be deployed when the research aim is to produce generalizable results that show prevalence, incidence, statistical relationships between variables and causation. These methods are well suited to answering why and where questions, but may lack a deep understanding of a phenomenon, particularly if the research area is of a sensitive nature.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis of study findings on the influence of business strategies on the performance of telecommunication companies in Kenya . It presents analyses of the variables involved in the study and estimates of the model presented in the previous chapter. Out of the 32 issued questionnaires, 30 questionnaires representing 94% of the total questionnaires distributed were returned fully completed, while 2 questionnaires were not returned representing 6% of the total questionnaires distributed to the respondents. It can be inferred that the response rate was very good. According to Mugenda and Mugenda (2003) a response rate of 70% and over is excellent for analysis and reporting on the opinion of the entire population.

4.2 Presentation of Research Findings

The study sort to analyse all the strategies to be investigated this include: competitive strategies, human resource, customer service and information technology strategies.

4.2.1 Business Strategies Adopted by Telecommunication Companies

The study sought to establish the type of business strategy the companies had implemented. This included competitive strategies, human resource strategies, customer service strategies and technology strategies, the study wanted to find out if organizations implement all this strategies together. This would also indicate which strategies companies often adopt and implement. The findings were represented in the Table 4.1.

Table 4.1: Business Strategies Adopted

Variable	No of respondents	Percentage
Customer service strategies	2	6.6%
Technology Strategies	2	6.6%
Human Resource strategies	2	6.6%
Competitive Strategies	4	13%
All of the above strategies	20	66%

The findings on Table 4.1 indicate that a combination of Business strategies are used in organizations thus showing percentage of 66% while competitive strategies are the second most commonly used business strategies at 13% followed by human resource, technology and customer service strategies.

4.2.2 The Influence of Business Strategies

The study sought to establish the influence of business strategy to the companies' performance. Do strategies influence these companies positively, negatively or have they no effect. The findings were represented in the Table 4.2.

Table 4.2: Influence of Business Strategies

Measure	Frequency	Mean	S.D
Positive	18	9.5	8.5
Negative	5	3	2
Neutral	7	4	3

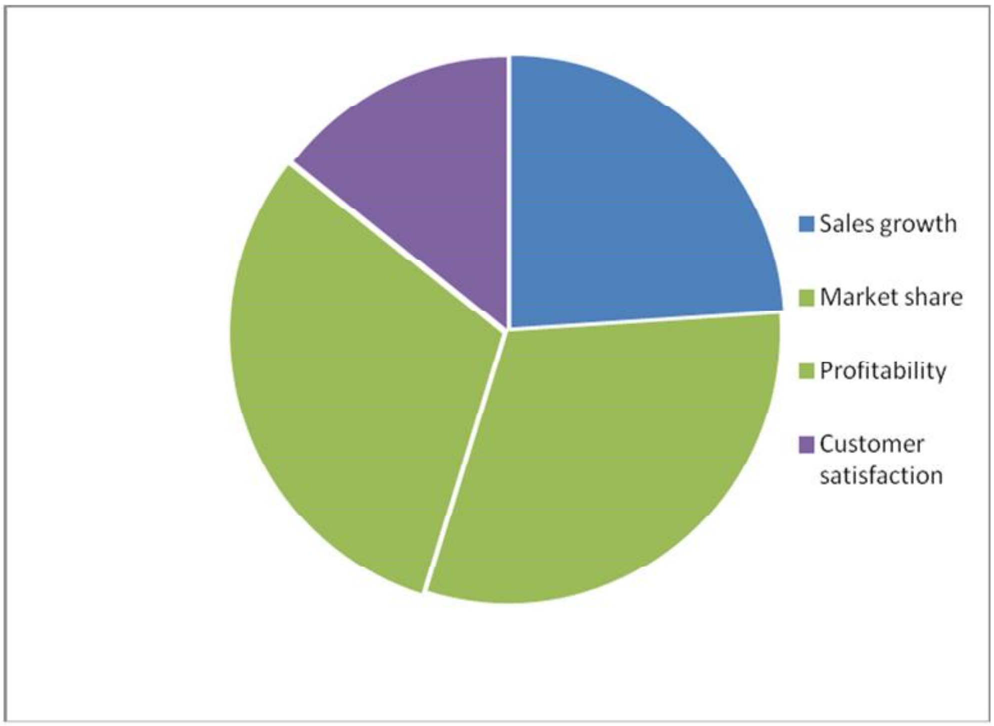
Mean= average no SD=from mean the higher the deviation the more spread out the data

Table 4.2 results showed that business strategies had positive influence on organizations thus achieving a highest mean grade of the 30 respondents.

4.2.3 Performance of Telecommunication Companies

The study sought to examine the indicators of performance from the respondent's organization. The results are presented in the Figure 4.1.

Figure 4.1: Indicators of Performance in Telecommunication Companies



The findings in figure 4.1 show that the organizations considered market share and Profitability were the greatest indicators that a company is performing well, followed by sales growth. Customer satisfaction had the lowest influence as an indicator to performance.

4.2.3 Influence of Human Resource Strategies on the Performance of Telecommunication Companies

The research sought to establish the effect of human resource strategy on the performance of Telecom companies. The results are presented in Table 4.3.

Table 4.3: Influence of Human Resource Strategy

Statement	No of respondents	Frequency	%
Effective recruitment and selection strategy	30	5	16.6%
Employee development and training	30	8	26.6%
Compensation	30	12	40%
All of the above	30	5	16.6%

Table 4.3 results shows that a combination of human resource strategies are used in the organizations however compensation has the highest influence on performance with 40%, while employee development and training had the lowest influence with a percentage of 26.6%

4.2.4 Influence Information Technology Strategies on the Performance of Telecommunication

The study established the influence of information technology strategies on the respondent's organization. The results are presented in Table 4.4.

Table 4.4: Influence of Information Technology Strategies

Statement	No of respondents	Frequency
Adoption and use of information communication technology	30	8
Adoption of new technologies to create products and services	30	15
Business Intelligence	30	7

Table 4.4 findings indicate that adoption of new technologies to create products and services had the highest influence on performance with 15 respondents out of 30 respondent who represent the target population, adoption of technology and business intelligence with a frequency of 8 and 7 respectively.

4.2.5 Influence of Competitive Strategies on the Performance of Telecommunication Companies

The study sought to find out the competitive strategies employed by the telecom companies to improve their organization performance. The results are presented on Table 4.5

Table 4.5: Competitive Strategies

Variable	Frequency	Mean	S.D
Product differentiation	10	5.5	4.5
Innovation	2	1.5	0.5
Cost leadership	10	5.5	4.5
Others	8	4.5	3.5

Mean= average no SD=from mean the higher the deviation the more spread out the data

Table 4.5 results finding showed that product differentiation and cost leadership were highly regarded as competitive strategies that influence performance with a mean score of 5.5, innovation was least regarded as a competitive strategy with a mean grade of 1.5 while other organizations had a different opinion of competitive strategies that they considered to influence performance.

4.2.6 Influence of Customer Service Strategies on the Performance of Telecommunication Companies

The study sought to find out the customer service strategies employed by the telecom companies to improve their organization performance. The results are presented on Table 4.6.

Table 4.6: Customer Service Strategies

Statement	No of respondents	Frequency	%
Has customer service improved performance	30	12	40%
Is customer service skills for employees important	30	8	26.6%
Are customers loyal and satisfied because of good customer service	30	10	33.3%

Table 4.6 results indicated that 40% of organizations agreed that customer service influences performance while 26.6% agreed that customer service skills were important in any organization.33.3% indicated customers service create loyalty and satisfied customers.

4.3 Discussion

The results show that the respondents agreed that telecommunication companies that conduct employee development and training have promoted organization harmony. Effective recruitment and selection strategies ensure sourcing and acquisition of competent staff, compensation and benefits strategies enhance employee's motivation and implementation of labor and employment laws. The findings indicate that the organizations that conduct human resource strategies have improved employees performance and that of the organization. The findings of the study are in line with the observations of Peng and Litteljohn (2001) that human resources strategies include activities aimed at involving employees in decision making, using clear personal policies in reward and punishment of employees, emphasizing employee welfare, assessing employee performance, assessing employee job satisfaction, and emphasizing employee productivity among others.

The Findings of the study indicate that telecommunication companies have adopted and used customer service strategy which create loyal customers. A loyal customer will continue to do business with you despite offers from your competition. A loyal customer will refer others to your business if your service delivery is consistent and the customer feels valued. They become your word-of-mouth ambassadors, trumpeting their satisfaction with your products/services. This is done at no cost to the organization. Customer service strategy helps assess customer needs Organizations often fail, and waste valuable resources, creating products and services that they thought the customer wanted, only to find out it was not what the customer wanted at all.

The trick is to find out what it is the customer wants and put together plans to meet those needs. Organizations can't meet the needs of their customers without understanding what they want. Hence this improves performance in the organization. Customer service strategies are used in hiring the right employees hiring with the customer in mind is another step in an overall strategy for strong customer service. Screening employees and ensuring that they possess the disposition and skill set to help support a strong customer service environment is important. Skills can be taught but attitude and personality cannot. It's a sad fact but not everyone should interact with customers.

Results of the study indicate that telecommunication companies have adopted and used technology strategies that have enhanced the rate of communication in the organization, Increase efficiency in a company and allow employees to process a greater level of work in a shorter period of time. Business intelligence in the areas of customer profiling, customer support, market research, market segmentation, product profitability, statistical analysis, and inventory and distribution analysis to mention but a few , these systems allow a company to gather, store, access and analyze corporate data to aid in decision making.

Adoption of information technology resources allows companies to maintain a competitive advantage over their rivals. Companies using this strategy can use information technology to create new products, distance their products from the existing market or enhance their customer services. Companies that follow a low-cost product strategy can look to information technology solutions to reduce their costs through increased productivity and reduced need for employee overhead. Information technology should be adopted by organizations because of its ultimate importance in this modern world, where technology keeps changing.

Businesses can also build-in information technology to their products that makes it difficult for customers to switch platforms or products. Heide, Grønhaug & Johannessen, 2005) that the organizations utilize technology to enhance and maintain communication and accountability for all managers and operational employees throughout the organization, and to keep track of achievement of performance goals.

4.4 Summary

Findings of the study show that generally telecommunication companies have used varied competitive strategies which include the use of cost leadership, product differentiation and capacity to continuously innovate. The study findings also indicate that companies other strongest competitive strategy consist of marketing strategies ,unique and quality brands, pricing that satisfy customer needs. The study findings are in line with the views of Enz (2008) who noted that core competencies are a combination of competitive resources , human resources (HR), information technology (IT) innovations, computer reservation systems, niche marketing and advertising, and pricing tactics that can increase a firms ‘capabilities and improve performance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This Chapter presents the summary, implications, limitations and suggestions of the study. It found out that the companies that had implemented business strategies reported a steady growth.

5.2 Summary of the Findings

The study established that human resource strategies influence the performance of telecommunication companies that had conducted employee development and training, organization that implement effective recruitment and selection strategies, established and used compensation and benefits strategies which enhance employee's motivation. The study found out that customer service strategies and the way that it is managed is a key determinant of telecommunication performance. Thus the companies have adopted and used customer service strategies to create loyalty from its customers, to improve performance by assessing and satisfying customer needs and wants, thus the organization only produces what its customers require and don't become irrelevant and costly.

The study established that technology strategies enhance operational performance of the company. Indeed the companies that have adopted and used technology strategies have enhanced the rate of communication in the organization facilitating decision making. The study found out that competitive strategies influence the performance of telecommunication companies.

5.3 Implications of the Study

Human resource strategies influence the performance of telecom companies. This is based on employee knowledge and skill through training and employee development activities regularly, competent employees because of effective recruitment and selection strategies, motivated workforce because of good compensation and benefits strategies. All this contribute towards performance in the organization. Customer service is seen as a determinant of organization performance if the employees have the right customer service skills then the customer will receive good service thus creating loyalty, it is also seen that customer service strategy is able to assess and satisfy customer needs thus great performance from this companies is inevitable.

Technology strategies are seen to enhance operational performance of the companies. Indeed the companies that have adopted and used technology strategies have enhanced communication in the organization facilitating decision making, Increase efficiency in a company and allow employees to process a greater level of work in a shorter period of time meanwhile maintaining a competitive advantage over their rivals. Competitive strategies influence performance of telecom companies this is based on the Capability to create new products thus distances their products from the existing market or enhances their customer services. These companies that follow a low-cost product strategy are able to reduce their costs through increased productivity and reduced need for employee overhead. Thus making these organizations profitable. The effective deployment of technology within an organizational is of integral concern.

5.4 Limitations of the Study

The study focused on only four study variables this are competitive strategies, human resource strategies, customer service strategies and technology strategies which the researcher found to be very critical to any telecommunication company however there are many other variables that were not included in the study. The study focused on these variables in detail so as to add to the existing knowledge on the companies, some respondents did not provide authentic information but instead provided general Information making it difficult to obtain the required information. Owing to the nature of the subject, some reluctance was experienced from some respondents in terms of disclosing information with regards to the business strategies for fear of their competitors obtaining this information the researcher assured the respondents of the confidentiality of the information that they provided and sought authority from management to undertake research in the organization.

5.5 Suggestions for Further Research

This study only examined specific study business strategies that influence the performance of telecommunication companies in Kenya. However there are other variables that are location specific, size of the company which also contribute to the performance of telecommunication companies .Hence it is recommended that further research be done to identify and examine additional business strategies that affect the performance of these companies not only in Kenya but in other companies regionally and internationally.

The present study has relied largely on primary data and is therefore restrictive and lacking in clarification and enrichment of data that would have provided a more in depth view of the subject matter. Therefore, secondary data need to be also included in future to complement primary data and provide wider perspective to the present study. There is need for future research to explore moderating influence of other variables.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
MBA PROGRAMME

Telephone: 020 2059162
Telegrams: "Varsity", Nairobi
Telex 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE [illegible]

TO WHOM IT MAY CONCERN

The bearer of this letter [illegible]

Registration No. [illegible]

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

PATRICK NYABUTO
MBA ADMINISTRATOR
SCHOOL OF BUSINESS

APPENDIX II: QUESTIONNAIRE

Name: ____

Occupation: _____________________________________

Organization: ____________________________________

Telephone ______________________________________

Email: ____

Address: ____

Period of operation ____________________________________

Number of years worked in the organization _________________

Kindly tick appropriately where required

1. Do you have business strategies in your organization?

   Yes [ ] No [ ]

2. Which of the following business strategies does your company implement?

   Technology strategies [ ] Competitive strategies[ ]Customer service strategies[ ]

   Human resource strategies [ ] All of the above [ ]

   In your view, what effect has the implementation and use of business strategies had on your business?

   Positive [ ] Negative [ ] Neutral [ ]

Technology strategies

3. Does your organization adopt and use information and communication technology? what is the effect on performance in your organization?

----

4. What is the importance of adopting new technologies to create products and services?

Competitive strategies

5. Which of the following competitive strategies does your organization implement?

Cost leadership [ ] Product differentiation [ ]

Innovation [ ]

All of the above [ ]

Others specify--

----

6. Has the operation cost of doing business come down since you engaged cost leadership strategies?

Yes [ ] No [ ]

7. Do you think innovation strategy influences performance in your organization?

----

8. Do you think product differentiation strategy gives you a competitive advantage and improves product sales?

Human resource strategies

9. Is effective recruitment and selection strategy important in improving performance kindly explain?--

----

----

10. Do you think employee development and training influence organization performance?

----

11. How does compensation improve performance ?

Customer service strategies

12. Does customer service strategies improve performance ?

----

13. Is customer service skills important for employees to have ?

----

14. Do you think your customers are loyal and satisfied by your customer service based on complains compliments and loyalty?

Thank you for your time !

APPENDIX III: LIST OF TELECOMMUNICATION COMPANIES

Access Kenya Group

Airtel

Africa Online

Swift Global

African Mobile Money

Finserve Africa Limited

Inter-Connect Ltd

Jamii Telecommunications limited

Kenya Data Networks

Kenya Internet Exchange

Kenya Posts and Telecommunications Corporation

Safaricom Limited

Orange Limited

Yu Essar

Icon Telesec Services

Strategic Mobile

Intersat Kenya

Mobitelea

Telcom Kenya

Liquid Telecom

Wananchi Group

Iway Africa

Vision Lab

Google Kenya

IBM Kenya

Microsoft Kenya

Huawei Technologies

Hp Kenya

Isys Technologies Ltd.

It kenya

Jambo Telkom Limited

Kemnet Technologies

Kenya Network Information Centre (KENIC)

Kinetic Technology

Magnum Data Ltd.

Magtech Solutions Ltd

Mayne Heights International

MCS – Misters Control System speed monitor

Metronomic East Africa

MFI Office Solutions

Micro skills Information Technologies (K) Ltd

MobiWorld Technologies

Simba net

Zuku