# IMPLEMENTATION OF DIFFERENTIATION FOCUS AND COMPETITIVENESS OF DYNAMIC MOBILITY TECHNOLOGY LIMITED IN KENYA

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#### **DECLARATION**

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

28-11-2022

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

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# **DEDICATION**

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# ABBREVIATIONS AND ACRONYMS

- **HRM** Human Resource Management
- **CRM** Customer Relationship Management
- ICT Information and Communication Technology
- **GDP** Gross Domestic Product
- CAK Communications Authority of Kenya
- **PSV** Public Service Vehicles
- **DMTL** Dynamic Mobility Technology Limited
- **CEO** Chief Executive Officer
- **MSP** Mobile Service Providers
- **SMEs -** Small and Medium Enterprises

#### **ABSTRACT**

Technology startup companies normally face an unprecedented uphill task to gain market share by dislodging known and established technology companies which already have a strong brand, huge financial and marketing power. Because of the immense resources possessed by established technology companies, it becomes very difficult for technology startup companies to survive unless they adopt and implement strategic approaches of competitive advantage that gives them competitive edge against well-established competitors in the market. The purpose of this study was to determine the effect of implementation of differentiation focus on competitiveness of Dynamic Mobility Technology Limited in Kenya. The strategic approach undertaken in this context is differentiation focus where key methods to be considered include innovation, high quality products, faster service delivery, flexibility in rolling out new products and features and great customer experience. This research focused on a technology startup company in Kenya called Dynamic Mobility Technology Limited. We looked at the strategic approach of differentiation focus that they had implemented and the key methods which included innovation, high quality products, faster service delivery, flexibility in rolling out new features and products, great customer experience that they constantly apply in the day to day business. The findings would determine if implementation of differentiation focus by Dynamic Mobility Technology Limited in Kenya had its competitiveness affected.

#### **CHAPTER ONE: INTRODUCTION**

#### 1.1 Background of the Study

In a differentiation strategy, a business aims to standout by leveraging on some factors that are valued and dear to clients within its industry (Porter, 1985). Customers tend to be on the lookout of those businesses that truly satisfy their needs and hence a business should ensure that it provides value to customers better than their competitors. As Porter (1985) states, for a firm to expect premium price, it should be recognized as distinctive or be distinctive at something. This required a firm to conduct market research to identify the gap that is not well satisfied by other competitors. Once the gap is identified, the firm developed products and services to cater for the target clients and ensure that all their needs are constantly met and hence increase its competitiveness in the market. A firm is said to have adopted differentiation focus if within its target it has the most unique and distinguishable products and services. By a firm targeting a niche market, it is able to maximize on the existing opportunities and increase its capability to generate more revenue and net profit by tapping the market that is less saturated.

The study was guided by three theories, namely; Porter's theory of Competitive Advantage, Resource Based View theory and Stakeholder theory. Porter's theory of Competitive Advantage proposes that for a firm to be profitable in a given market, it must adopt a specific competitive strategy that gives it an edge over its competitors in the market. Through competitive advantage which is established on Porter's model, a business can decide to implement three distinct strategies identified as cost leadership, differentiation and focus strategy, this enables it to be more profitable and have an upper hand in the market they operate in.

Resource-based theory states that a firm is best positioned for success in the long run through non-substitutable, valuable, difficult to imitate, and rare resources. A firm can therefore develop capabilities that result to superior performance through the strategic resources. Stakeholder theory suggests that an organization should not only provide value to shareholders but also to other stakeholders who may include employees, customers and community (Freeman, 1984). This means that an organization should put in place measures that ensure that majority of the stakeholders benefit from its operations.

With the sharp growth of gifted entrepreneurs and hubs, the momentum of Nairobi's startup ecosystem is growing with human capital as major area of strength while greatest challenge is posed by circumstances in the market. (Biest and Wyss, 2019). DMTL operating in Kenya, currently faced stiff competition from other well established and reputable Technology companies that are entrenched in the market. The management of DMTL in Kenya adopted differentiation focus so as to stay ahead of the pack. This study aimed to ascertain the effect of implementation of differentiation focus on competitiveness of DMTL in Kenya.

# 1.1.1 Strategy Implementation

For strategic goals to be met, a firm must execute actions and this is referred to as strategy implementation (Alharthy, Rashid, Pagliari and Khan, 2017). Inspiring employees to attain set company goals and utilisation of the business's resources helps achieve implementation of strategy (Mailu, Ntale and Ngui, 2018). Strategy implementation delineates the activities through which organizations define her domains of action, and determine how she navigate or compete (Murgor, 2014). Strategy implementation may be referred to as the operation whereby action plans and activities are derived from an organisation strategy inorder to achieve a set objective.

Strategy implementation enables a firm to be able to achieve both its shortterm and longterm objectives. It is a vital process since without implementation of a good strategy, a firm can never compete effectively against its competitors. According to Muendo (2016) to help improve the performance of an organization, strategy implementation is a key factor and it achieves it through increased number of clients on ISO certification, greater market coverage on surveillance, employee retention and attraction, improve turnaround time on sample analysis and employee performance. Strategy implementation styles influence organizational performance (Genc, 2017).

#### **1.1.2 Differentiation Focus and Competitiveness**

In a differentiation strategy, a business aims to standout by leveraging on some factors that are valued and dear to clients within its industry (Porter, 1985). In differentiation focus, a business aims to standout by adopting differentiation in the given market it operates in (Porter, 1985). As Pearce and Robinson (1997) stated, focus strategies center on segment needs of a particular market whether established on differentiation or low cost. Differentiation focus would likely elevate a firm's competing capability in a given market if well executed. When a firm targets a specific market and differentiates itself from its competitors by giving superior value, it is able to attract more customers and increase its market share.

Milusheva (2020) stated that when an organization successfully utilizes its resources over long duration and maximises elements of the external environment, that ability is referred to as business organization's competitiveness. Buyers look for value and hence the goal of any generic strategy should be to create it, a business should wholly exploit its capabilities that separates it from its contenders by positioning itself and this results to strategic competitiveness (Grant, 2016). A firm being competitive required it to create and sustain its competitive edge against its competitors in the market.

Porter's theory of Competitive Advantage proposes that for a firm to be profitable in a given market, it must adopt a specific competitive strategy that gives it an edge over its competitors in the market. The motivation to execute differentiation strategy made it possible for Strathmore University to stay ahead of the pack (Njoroge, 2017). A better outlook was witnessed on the financial performance of SMEs made possible by differentiation strategy and market focus strategy (Chelanga, Rono and Boit, 2017). A firm gains competitive advantage over its competitors if it implements a competitive strategy, in this case differentiation focus. Some of the key methods to be considered under differentiation focus comprise of product innovation, high quality products, quality service delivery and great customer experience. The competitive methods we focused on are customer service, operating efficiency, product quality control and product innovation.

#### 1.1.3 ICT Firms in Kenya

Kenya has witnessed blossoming of ICT firms in the recent years, this has been enhanced by the wide uptake of internet and adoption of technology by its citizens. According to (Datareportal, 2021), in January 2021 Kenya had 21.75 million internet users while the internet penetration stayed at 40.0% in that particular period.

Several ICT firms that were founded in Kenya have spread out their wings and expanded into the regional market. Because of tremendous growth and future opportunities in the market, international investors have invested on local ICT firms. Cellulant Limited, a Kenyan company has so far raised USD 60 Million from investors including TPG Holdings LP and Velocity Capital (Bloomberg, 2021). Africas Talking, a Kenyan company raised USD 8.6 Million from investors led by International Finance Corporation (IFC) alongside Social Capital, Orange Digital Ventures and other global venture capital funds (Disrupt Africa, 2018).

#### 1.1.4 Dynamic Mobility Technology Limited

A technology startup is a company that focuses on providing technology products or services to a given market. DMTL is a Technology Startup company located in Kenya. The company was started in 2017 with a focus on Banking and Insurance. It has steadily growing since its inception.

Inadequate or zero market need for products, was cited as the key reason for the poor performance of businesses by 42 percent of the founders of failed startups in a recent poll (Fortune 2014). According to Chaux and Okune (2017), they noted that entrepreneurs regarded selling ideas to potential customers and investors as well as iterating on products and business model as key abilities needed to thrive.

For a technology startup company to compete effectively against known and established brands, it needed to implement a competitive strategy. DMTL adopted differentiation focus so as to stay ahead of the pack. By a firm targeting a niche market, it is able to maximize on the existing opportunities and increase its capability to generate more revenue and net profit by tapping the market that is less saturated. DMTL had its niche market as Banking and Insurance and this gave it the ability to focus its resources with the aim of exploiting the available opportunities in the market.

#### 1.2 Research Problem

Implementation of differentiation focus strategic approach is likely to impact competitiveness of an organization. A firm stuck in the middle is likely to generate little or no profit compared to competitors who have implemented one of the generic strategies, (Porter, 1985). A firm that therefore wants to remain competitive and sustain its business must adopt a specific competitive strategy.

The motivation to execute differentiation strategy made it possible for Strathmore University to stay ahead of the pack (Njoroge, 2017). Differentiation focus promises to deliver more business opportunities for a firm and enhance its competitiveness if effectively implemented. Through differentiation focus, a firm can tap into a niche market that is less exploited and in return generates more revenue and net profit. Mwalili (2019) stated that Family Bank limited in Kenya was able was able to achieve competitiveness through implementation of differentiation strategy.

ICT firms in Kenya have been keen on providing value to their customers and hence emergence of new products and services which are unconventional and ride on latest technology. By 2025, it is anticipated that 9.24% of the total GDP of Kenya would be as a result of its digital economy (Huawei & Unesco, 2021). Some of the key trends in ICT include Artificial Intelligence, Robotic process automation and Blockchain. Safaricom launched an interactive chatbot Zuri powered by artificial intelligence, its customers are able to ask queries and get immediate response from the chatbot which is currently available on Telegram and Facebook Messenger (Safaricom, 2018). Absa Bank Kenya adopted Robotic process automation in some of its business operations. Acre Africa collaborated with Etherisc to adopt blockchain technology in providing crop insurance to small scale farmers (Acre Africa, 2020).

In markets where well-established brands are entrenched, start-ups view competition as one of the key challenges (Capital FM, 2015). Kenyan Technology Startup companies have created innovative solutions. Well established and reputable Technology companies entrenched in the market offer intense competition. Technology startup company in Kenya called DMTL adopted differentiation focus so as to stay ahead of the pack.

With consideration to various organizations, many studies came to be initiated in relation to the implementation of differentiation strategy to attain competitive advantage. Globally, Widuri and Sutanto (2019) using cross-sectional research design in their study whose objective was to investigate significance of differentiation strategy in determination of decision making of real earnings management in Indonesia concluded that differentiation strategy enhanced a firm's capability to flourish in the market through possessing unique attributes that enabled it to have loyal customers and expand its customer base. Murni (2017) established Differentiation strategy enhanced adoption of innovation and this helped creation and supply of new products and services into the market and eventually increased market share, in the study of the effect of Entrepreneurial Orientation and Performance of Batik SMEs, Indonesia. Explanatory research was used.

Bao and Li (2016) in their study of service differentiation strategy and competitiveness of a catering business in China which employed case study research design concluded that service differentiation strategy enhanced competitiveness of a firm and management activities like HRM and CRM are key to realize success of the firm. Haapaniemi (2014) concluded that the company enjoyed increased business and also customer perceptions and expectations were successfully met, in the study of the impact of differentiation strategy on the customer experience of the V.A.V Group Oy company in Russia, case study research design was employed.

Locally in Kenya, Mwalili (2019) in her study of Family Bank Limited and how its Competitiveness was impacted by Differentiation Strategies that employed case study research design, concluded that the Bank developed appealing products that resonated well with their customers' wants.

Chege (2018) established that organizations that implemented differentiation strategies are able to create unique, quality products and services that present immense opportunities in the market, in his study of Competitive Strategies and Performance of MSP in the Telecommunication Industry in Kenya, descriptive research design was used as the methodology. Ang'asa (2017) using correlation research design did a study whose objectives were to identify the competitive strategies ride hailing service providers employ in Nairobi, Kenya and to identify the effect of competitive strategies on the competitive advantage attained within the ride-hailing sector established that focus strategies have a greater influence on the competitive advantage gained by companies. Njoroge (2017) concluded that through differentiation strategy, the university offered unique services that resulted to increased customer satisfaction as compared to other universities, in his study of Strathmore university in Kenya and how it has been affected by competitive strategies, case study research design was adopted as the methodology.

It was noted that most of the studies by researchers was focused on determining how differentiation strategy affected competitiveness of the firm while giving less attention to differentiation focus strategy which could lead to larger customer base and increased sales in the given market. As a result of this, the study required to find an answer to the research question: Does implementation of differentiation focus affect competitiveness of DMTL in Kenya?

#### 1.3 Research Objective

This study was guided by one objective which is;

• To determine the effect of implementation of differentiation focus on competitiveness of DMTL in Kenya.

#### 1.4 Value of the Study

The study would be beneficial to Government corporations focusing on businesses, they would be enlightened on the effect of implementation of differentiation focus on the competitiveness of technology startup company. The information gathered would be used by the government to formulate policies that create a conducive business environment, this would drive growth of businesses. Good policies are good since they level the playing field for businesses and also ensure that businesses are supported when they start and during their active operation. Business people have been yearning for input from the government as regards to policies that favor their businesses.

The study would enable management of DMTL to get information relating to the effect of implementation of differentiation focus on the competitiveness of the company. The research would also enable the management to understand their competitive strength in the market. DMTL management stands to gain so much from this study as they position themselves in the market to reap from the current and future opportunities the market presents. Technology startup companies can also use this study to make better decisions when it comes to implementing differentiation focus so as to fend off competition and sustain their businesses.

The study would help academic researchers get information on the effect of implementation of differentiation focus on the competitiveness of the technology startup company. This would expand their knowledge on the competitive strategy implemented by technology startup companies and point out other areas for study. Academic researchers are a source of valuable information that businesses utilise when they need to tap into a given market or want to explore a new product or service that has potential to grow their businesses.

#### **CHAPTER TWO: LITERATURE REVIEW**

#### 2.1 Introduction

This chapter discussed relevant work accomplished within a particular field of research. It covered the theoretical foundations of the study and other areas that included differentiation focus and strategy implementation along with empirical studies and knowledge gaps.

Data collected was mainly linked to the study objective which is to determine the effect of implementation of differentiation focus on competitiveness of DMTL in Kenya. This was helpful in achieving the study objective.

#### 2.2 Theoretical Foundation

This part explored theories that relates to the research. Centre of attention was placed on three theories named; Porter's theory of Competitive Advantage, Resource based view theory and Stakeholder theory.

#### 2.2.1 Porter's Generic Model

As Porter (1985) stated, competitive advantage is the result of value desired by buyers that a firm is able to create better than others and at a profit. In a differentiation strategy, a business aims to standout by leveraging on some factors that are valued and dear to clients (Porter, 1985). In differentiation focus, a business aims to standout by adopting differentiation in the given market it operates in (Porter, 1985). Barney and Hesterley (2006) stated that businesses in the market leaned towards product differentiation. Milusheva (2020) revealed that when an organization successfully utilizes its resources over long duration and maximises elements of the external environment, that ability is referred to as business organization's competitiveness.

The Porter's theory of Competitive Advantage was used to explain the effect of implementation of differentiation focus on competitiveness of DMTL. In order to offer superior value to its customers, DMTL focused on key methods under differentiation focus, namely; product innovation, high quality products, quality service delivery and great customer experience. Differentiation focus enhances competitiveness of a firm.

#### 2.2.2 Resource Based View

Resource based view suggests that an organization is provided with a unique chance to come up with competitive advantages over its competitors through possession of strategic resources, (Barney, 1991). A rare and precious possession that is not easily replicated and is nonsubstitutable can be defined as a strategic resource.

According to (CAK, 2021), Kenya had a total of 292,301 Mobile money agents, Safaricom PLC led with 261,150 M-Pesa agents, followed by Airtel with 22,802 and Telkom with 8,349 agents. Having the largest base of Mobile money agents amongst its competitors and being the most innovative and customer centric, made Safaricom M-Pesa the preferred mobile money since subscribers can easily access M-Pesa agents and transact. The extensive network of M-Pesa agents well distributed all over Kenya, can be considered to be a strategic resource for Safaricom PLC since it has proved to be difficult for other mobile network operators to replicate it over the past years.

The Resource Based View was used to explain the effect of implementation of differentiation focus on competitiveness of DMTL. Strategic resources like superior technology, strong organization culture and operational effectiveness are possessed by DMTL. Effective utilisation of strategic resources enhances competitiveness of a firm in a given market.

#### 2.2.3 Stakeholder theory

This theory suggests that an organization should not only provide value to shareholders but also to other stakeholders who may include employees, customers and community (Freeman, 1984). Organizations should make effort to put in place measures that ensure majority of the stakeholders benefit. Happy employees increase their productivity and better serve customers while the community benefits from jobs and innovations created by the organization.

The Government first launched cashless fare payment service in November, 2014 but it failed because the PSV operators did not understand its benefits and saw it as Government tactic to tax them by getting information about their earnings through the platform (Business Daily, 2021). Later in 2021, the Government relaunched the cashless fare payment service. PSV operators who include the owners, PSV Sacco management, drivers and conductors need to be educated on the benefits they would derive from the new system and its ease of use. As clearly noted, Stakeholder theory is important in enhancing the implementation of cashless fare payment service which is to be used in the transport sector by PSVs by ensuring that the benefits derived from the new system is well articulated to all the stakeholders.

Stakeholder theory was used as it emphasized on value creation for stakeholders with the implementation of differentiation focus on competitiveness of DMTL. New products having superior technology offer maximum value to customers and new innovations that impact the community positively. The goodwill from all stakeholders enables a company to realize its set objectives and this leads to its success in the market.

#### 2.3 Differentiation focus and Strategy implementation

Some of the key methods to be considered under differentiation focus comprise of product innovation, high quality products, quality service delivery and great customer experience. Product innovation refers to the creation of new or improving existing products and/or services and launching them into the market successfully, (Valencia, Valle and Jime´nez, 2010). They also established that creativity and risk taking should be highly encouraged and product innovation is enhanced by organization culture. Adan (2020) stated that sustainable competitive advantage is positively and significantly influenced by product innovations, the research target population was all accredited universities in Kenya. Any university needed to continually research on the market and develop new products targeted at students, that equip them with knowledge and practical skills to adapt to ever evolving working environment. Njaga (2019) reported that competitiveness of a firm is enhanced and organization performance significantly affected by product innovation, therefore all firms should put in place a structure that facilitates effective implementation of product innovation by all stakeholders.

High quality products supplied by a firm translates to high durability of the same product. Kamun (2019) established that organizational performance is achieved through focus on quality products. Customers want to derive value from a product over a long period and if they experience this, they become loyal to that firm. Customer loyalty results to repeat business and enhance customer recommendations that make the firm outshine its competitors. Safaricom (2021), a global advisory and engineering company called Umlaut ranked Safaricom as having the best network for data and calls across the country. This meant that Safaricom was able to provide higher quality calls and data for its subscribers than their competitors.

Service delivery can be described as the process of providing services to the customer. As stated by Obukanga (2019), higher organization performance of a firm can be gained through quality service delivery. The research focused on Liberty Life Assurance Kenya Limited, where its employees were noted to be very professional, knowledgeable and provided a short turnaround time when serving customers. Government of Kenya has also enhanced its service delivery by offering key government services to its citizens through a website portal known as e-citizen. It also implemented Huduma centers in all counties, here citizens can access government services from their nearest area of residence. Both e-citizen website and Huduma centers, have greatly enhanced the reach of government services especially to people living in the rural areas where before they had to travel long distance to access such services.

Customer experience can be described as the customer fulfilment or dissatisfaction that results from direct or indirect engagement with a particular firm during and after purchase of products and services (Lemon & Verhoef, 1991). Every customer yearns for an exceptional experience whenever they seek for goods or service from a firm. It is therefore important that a firm set organization policy that enhances great customer experience in order to attract new customers and retain its existing customers. Yoon and Lee (2017) reported that sustainable competitive advantage is enhanced by customer experience. The research target population were both local and global hotel brands operating in Seoul, South Korea. Customer satisfaction can be cultivated to build long term relationship with the customer and hence guaranteeing repeat business for the firm.

Strategy implementation enables a firm to be able to achieve both its shortterm and longterm objectives. It is a vital process since without implementation of a good strategy, a firm can never compete effectively against its competitors. According to Muendo (2016) to help improve the performance of an organization, strategy implementation is a key factor and it achieves it through increased number of clients on ISO certification, greater market coverage on surveillance, employee retention and attraction, improve turnaround time on sample analysis and employee performance. Strategy implementation styles influence organizational performance (Genc, 2017).

#### 2.4 Empirical Studies and Knowledge gaps

Within this part, relevant researches were discussed. Widuri and Sutanto (2019) conducted a study whose objective was to investigate significance of differentiation strategy in determination of decision making of real earnings management. Cross-sectional research design was used. The study surveyed Indonesia manufacturing firms listed in Indonesia Stock Exchange. Analysis was performed using regression analysis. The study concluded that differentiation strategy enhances a firm's capability to flourish in the market through possessing unique attributes that enables it to have loyal customers and expand its customer base.

A study on the effect of Entrepreneurial Orientation and Performance of Batik SMEs, Indonesia was conducted by Murni (2017). This study was explanatory research and it surveyed sector of SMEs in the province of East Java Batik. Interviews and questionnaires were used for data collection and analysis performed using Partial Least Square (PLS) with PLS smart software. The study established that Differentiation strategy enhances adoption of innovation and this helps a business develop and rollout new products and services into the market and eventually increase market share.

Bao and Li (2016) explored service differentiation strategy and competitiveness of a catering business. Case study research design was employed and the study surveyed respondents of Chinese chain restaurant, Sichuan Haidilao catering Company Limited namely; CEO, Site managers and HR managers. Interview was used for data collection. The study suggested that service differentiation strategy enhances competitiveness of a firm and management activities like HRM and CRM are key to realize success of the firm.

Haapaniemi (2014) did a research on the impact of differentiation strategy on the customer experience of the V.A.V Group Oy company. Case study research design was applied. The study surveyed respondents who included office personnel of V.A.V Group Oy and all the current Russian existing customers' representatives authorized to decide upon purchases. Primary data was collected through online interview questionnaire, participating observation, semi structured interviews in person, by mail or phone. Secondary data was collected through textbooks concerning the customer experience management theory and the touchpoint management theory, academic journal articles, newspapers, company reports and previous company related marketing research and case studies. The study concluded that differentiation strategy enhances customer experience and this leads to greater satisfaction from customers who in turn increase their loyalty to the firm.

Mwalili (2019) investigated Family Bank Limited and how its Competitiveness was impacted by Differentiation Strategies. Case study research design was utilised. The study surveyed respondents of Family Bank Limited, Kenya namely; finance, marketing, strategy, operations and the human resource directors. Interview schedule and content analysis was used. The study concluded that the Bank developed appealing products that resonated well with their customers' wants.

Chege (2018) wanted to establish the competitive strategies adopted by MSP in Kenya and identify whether competitive strategies led to greater return for these MSP. Descriptive research design was used. The study surveyed mainly top and middle level managers as respondents drawn from internet service providers, data carrier network operators and mobile operator companies in Kenya, categorised by Communication Authority as mobile telephone service providers under the telecommunication industry. Self-administered questionnaires carrying semi structured questions was used for data collection and analysis performed using regression analysis. The study established that organizations that implement differentiation strategies are able to create unique, quality products and services that present immense opportunities in the market and this places them in an elevated position to gain more market share.

Ang'asa (2017) did a study whose objectives were to identify the competitive strategies ride hailing service providers employ in Nairobi, Kenya and to identify the effect of competitive strategies on the competitive advantage attained within the ride-hailing sector in Nairobi, Kenya. Correlation research design was employed. The study surveyed drivers as respondents drawn from three ride hailing service providers in Nairobi, Kenya namely; UBER, Little Cab and Taxify. Primary data was obtained through questionnaires issued to drivers partnering with ride hailing taxi companies while secondary data was drawn from previous case studies on the taxi and ride hailing taxi industry from Kenya and other countries within and outside of Africa. Data was analysed using content analysis. The study established that focus strategies have a greater influence on the competitive advantage gained by companies.

Njoroge (2017) determined how Strathmore University in Kenya fared against its peers which are the universities in Kenya. Case study research design was used as the organization under focus was a single one. The study surveyed management team, as respondents of Strathmore University in Kenya for their input was key for the study. Primary data was collected by use of interviews while secondary data was collected from existing sources of data. Analysis performed using content analysis. The study concluded that through differentiation strategy, the university offered unique services that resulted to increased customer satisfaction as compared to other universities in Kenya.

Strathmore University in Kenya has built a great name over the years and is known to offer executive business courses that targets the top cream of the executive teams of major companies that includes financial institutions and others from different sectors of the economy. The executive business course's tuition fees are high compared to other business courses offered and this has made the university to increase its revenue over the years. Individuals in the working sector have been keen on upgrading their skills by registering for business courses and other related courses and this has created demand that is being maximised by the universities in Kenya including Strathmore University. Companies are also known to encourage their employees to seek new skills and knowledge by enrolling in universities so that they can eventually help the organization compete in the market through innovation and by adapting to new market trends.

#### **CHAPTER THREE: RESEARCH METHODOLOGY**

#### 3.1 Introduction

In this chapter, analysis of the data was made possible through use of; data analysis techniques, process of data collection and type and sources of data. It detailed how the information relating to implementation of differentiation focus and its effect on competitiveness of DMTL in Kenya was collected.

The key elements applied to conduct the study consisted of research design, data collection methods and data analysis procedures, and were discussed in detail. Greater care was taken to ensure the whole process was accurate and flawless.

#### 3.2 Research Design

In this research, case study was applied for it was the most suitable because a single organization was the focus of the study. Yin (2014) defined Case study as an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. Case study according to Gerring (2004) is described as an intensive study of a single unit with an aim to generalize across a larger set of units. Case study helped us to get in depth knowledge and better understanding of the research.

The study purely focuses on a Technology startup company in Kenya called DMTL. Mwalili (2019) successfully used Case study research design in a study of Family Bank Limited and how its Competitiveness was impacted by Differentiation Strategies. Njoroge (2017) is his study on how Strathmore University in Kenya fared against its peers used case study research design. The respondents for DMTL included top management team incharge of birthing strategies and actualizing them.

#### 3.3 Data Collection

Interview guide was used for data collection. To enable the researcher to seek for immense data that has depth and detailed from the respondents, one-to-one interview was employed in the collection of primary data. The face to face interview was done at the Company premises of DMTL. The interview guide enhanced the collection of detailed qualitative data.

The interview guide was used to get deeper insights of the study on implementation of differentiation focus and competitiveness of DMTL in Kenya. It enabled a clear interpretation of the study findings. The interview guide sought to collect data on independent variable differentiation focus and dependent variable competitiveness.

The respondents for DMTL included top management team who are incharge of birthing strategies and actualizing them. There was a total of six respondents who are the CEO and senior managers of strategy, marketing, human resource, finance and operations departments.

#### 3.4 Data Analysis

Content analysis was the key method used for analysing data. To determine the effect of implementation of differentiation focus on competitiveness of DMTL in Kenya, content analysis was used. Data collected was expected to be qualitative, which is rich in content.

Content analysis involves studying of existing information with the aim of determining those factors that explain a specific phenomenon, Mugenda and Mugenda (2003). Through content analysis, the researcher attempted to get more truth on the implementation of differentiation focus and competitiveness of DMTL in Kenya.

# CHAPTER FOUR: DATA ANALYSIS, RESULTS AND

#### **DISCUSSION**

#### 4.1 Introduction

This chapter entailed analysis and explanation as relates to data that was gathered, this was from select DMTL respondents. The aim of the findings was to determine the effect of implementation of differentiation focus on competitiveness of DMTL in Kenya.

The given respondents included the CEO and senior managers of strategy, marketing, human resource, finance and operations departments. All the six respondents availed themselves for the interview constituting to a response rate of 100% and this was adequate enough to make conclusions as regards to the research.

#### 4.2 General Information

Respondents' general information was to be initially collected by the researcher. This included highest education level, position held, years served in the position, size of organization and years of organization operation in Kenya.

# **4.2.1 Highest Level of Education**

Respondents' highest level of education was key for this study. The highest level of education attained by the respondents is shown on table 4.1.

**Table 4.1: Highest Level of Education** 

Level of Education	Frequency	Percentage (%)
Undergraduate	2	33
MBA	4	67

Source: Researcher (2022)

From the outcome in table 4.1, majority (67%) had attained Master degree level while 33% had attained undergraduate. With the level of education noted, the respondents were considered to be of good knowledge and useful to the study.

#### 4.2.2 Position Held in DMTL

Positions held by the respondents in DMTL was important as this enabled us to get a wider view of the organization. Below table 4.2 shows the respondents' number by positions held.

**Table 4.2: Position Held in DMTL** 

Position	Frequency	
CEO	1	
Senior Manager of Strategy Department	1	
Senior Manager of Marketing	1	
Department		
Senior Manager of Human Resource	1	
Department		
Senior Manager of Finance Department	1	
Senior Manager of Operations	1	
Department		

Source: Researcher (2022)

The information in table 4.2 indicated that the respondents included the CEO and senior managers of key departments. This implied that the respondents were knowledgeable on the business operations and were likely to give true picture of the business as regards to the research.

#### 4.2.3 Years Served in the Position

It was important for the study to get the respondents' number of years working in their position. This was of great value since it meant that the respondents had good experience and skills to execute their work responsibilities. Table 4.3 indicated the period worked by the respondents in their given roles.

**Table 4.3: Years Served in the Position** 

Years served in the	Frequency	Percentage (%)
position		
1 - 2	1	17
3 - 4	1	17
5 - 6	3	49
7 and above	1	17

Source: Researcher (2022)

The study findings in table 4.3 showed that majority had worked with DMTL for between 5 and 6 years and this meant that they had deeper understanding of the organization and could provide accurate data on the subject under research.

#### 4.2.4 Size of DMTL

The study sought to get DMTL total employees at the current period. Currently DMTL had a total of 25 employees. The respondents mentioned that the employees had been instrumental in the success of the organization as they diligently worked with their senior managers to achieve the set objectives.

As per the respondents, DMTL had grown from two employees at its inception to the current number of 25. This showed that the company had been steadily growing by exploiting the opportunities in the market.

#### 4.2.5 Years of DMTL Operation in Kenya

DMTL has been in operation for seven years and had recorded immense growth over the short time, the respondents painted a brighter future for the organization as it seeks to continuously adapt to the evolving market trends and customer needs.

The respondents mentioned that DMTL had organically grown through hard work and dedication of the whole team including the management and employees. DMTL is customer centric and this had enabled it to gain new customers and develop new products as confirmed by the respondents.

#### 4.3 Implementation of Differentiation Focus in DMTL

For strategic goals to be met, a firm must execute actions and this is referred to as strategy implementation (Alharthy, Rashid, Pagliari and Khan, 2017). DMTL operating in Kenya, faced stiff competition from other well established and reputable Technology companies that are entrenched in the market. The management of DMTL in Kenya implemented differentiation focus so as to stay ahead of the pack.

#### **4.3.1 Product Innovation**

The study found that all six respondents were in agreement that DMTL conducted market research to identify new software products or software product features required by its clients. Four of the respondents agreed that DMTL developed new software products while the other two agreed that DMTL enhanced existing software product features for its clients. All the six respondents agreed that new software products or enhanced software product features created value for DMTL clients.

This meant that by DMTL leveraging on product innovation, it was able to develop software products that address evolving customer needs and market trends. DMTL is in a better position to compete against other similar companies since it has a wide range of software products that are demanded in the market by customers.

#### **4.3.2 High Quality Products**

Five of the respondents agreed that DMTL had a robust structure and elaborate process that ensures development of high quality software products while one commented that the structure needs to be frequently reviewed. All the six respondents were in agreement that DMTL developed high quality software products that continuously delivered value to customers and that the customers have attested to the high quality software products provided by DMTL.

This showed that DMTL customers were guaranteed of high quality products which made them loyal to the organization and this attracted new customers. For DMTL to grow, it should be able to maintain its existing customers and attract new ones. In any given market, customers seek for high quality products and this is a determinant for profitable organizations.

# **4.3.3 Quality Service Delivery**

The study found that all six respondents were in agreement that DMTL had a robust structure and elaborate process that ensured delivery of quality service; continuously works on enhancing the delivery of quality service by eliminating redundant processes and optimizing processes. All the six respondents were also in agreement that DMTL customers attested to the quality service delivered.

This meant that DMTL guaranteed quality service delivery to its customers which gave it an edge over its competitors. Customers mostly desire quality service delivery and this creates loyalty. Quality service delivery by an organization resonates well with customers since they derive value from such transactions.

#### **4.3.4 Great Customer Experience**

Five of the respondents agreed that DMTL continuously offered great customer experience to its customers while one commented that social media should be frequently used to get customer feedback. All six respondents were in agreement that DMTL evaluates and adopts evolving customer trends and needs once determined to add value to the customers; DMTL customers attested to the great customer experience offered as mentioned by the respondents.

This implied that DMTL emphasized on great customer experience to maintain its existing customers and attract new ones and hence edge competitors. Customers are likely to pay attention to how they are treated whenever they frequent a business, the experience determines if they would come for shopping on their next visit. Businesses should ensure that their customers feel valued in order to have they coming back frequently.

# 4.4 Competitiveness of DMTL

Milusheva (2020) stated that when an organization successfully utilizes its resources over long duration and maximises elements of the external environment, that ability is referred to as business organization's competitiveness. Differentiation focus would likely elevate a firm's competing capability in a given market if well executed. When a firm targets a specific market and differentiates itself from its competitors by giving superior value, it is able to attract more customers and increase its market share.

### 4.4.1 High Quality Customer Service

All the six respondents agreed that DMTL offered high quality customer service. It is noted that every customer desired to get quality customer service whenever they engage a business for purchase of goods and services.

This showed that DMTL emphasized on high quality customer service to maintain its existing customers and attract new ones and hence edge competitors. Respondents noted that existing customers have been vital in spreading the word about the great services provided by DMTL and this had led to new customers being onboarded.

#### 4.4.2 Operating Efficiency

The study found that five of the respondents were in agreement that DMTL achieved operating efficiency in its business operations which led to high productivity and savings through cost-cuttings while the other one commented that operating efficiency can be further optimised and enhanced to lead to greater results.

This meant that DMTL was able to operate on a lean budget while maximizing on greater returns hence high profitability. Respondents also mentioned that employees are always engaged whenever business operations are streamlined inorder to make sure that their ideas and feedback are taken into consideration.

# **4.4.3 Product Quality Control**

The study found that all six respondents were in agreement that DMTL implemented product quality control to ensure development of high quality software products. The respondents noted that customers demanded quality products and hence DMTL must always provide the same to its customers.

This implied that DMTL is able to develop high quality software products in comparison to some competitors who do not have robust product quality controls. This meant that DMTL customers were guaranteed of high quality products which made them loyal to the organization and this attracted new customers, hence growth of DMTL.

#### **4.4.4 Product Innovation**

All the six respondents agreed that DMTL implemented product innovation that led to development of new software products and enhancement of existing software products features that ultimately delivered value to customers.

This meant that by DMTL leveraging on product innovation, it was able to develop software products that address evolving customer needs and market trends. DMTL is in a better position to compete against other companies since it has a wide range of software products that are demanded in the market by customers. One key factor is to always listen to customers as they can be a good source for innovative products that an organization can develop.

# 4.5 Discussion of the Findings

This section discussed findings of the study with regards to implementation of differentiation focus in DMTL and competitiveness of DMTL. The discussions of the findings are expected to indicate how they relate with the objective of the study.

# 4.5.1 Implementation of Differentiation Focus in DMTL

The objective of the study was to determine the effect of implementation of differentiation focus on competitiveness of DMTL in Kenya. The findings of the study showed that implementation of differentiation focus gives a firm an edge over its competitors.

In differentiation focus, a business aims to standout by adopting differentiation in the given market it operates in (Porter, 1985). DMTL is in a better position to compete against other similar companies since it has a wide range of software products that are demanded in the market by customers. DMTL customers were guaranteed of high quality Products which made them loyal to the organization and this attracted new customers.

Stakeholder theory suggests that an organization should not only provide value to shareholders but also to other stakeholders who may include employees, customers and community (Freeman, 1984). From the findings the firm has been keen to involve employees in many aspects of the business and as noted happy employees increase their productivity and better serve customers while the community benefits from jobs and innovations created by the organization.

The findings of the study could be related to a study done by Gecheo (2020) that concluded that differentiation strategy had a positive influence on competitive advantage of SMEs of Nairobi County. The SMEs offered products that appealed to customers based on the particular needs.

According to a study conducted by Fatuma (2020) which determined that sustainable competitive advantage among Kenyan universities is impacted by product innovation. Kenyan universities tapped innovation to develop products that addressed the needs of the potential students.

In another study by Mutua (2020) which established that increased customer services enhanced competitive advantage of Getrudes' Children's Hospital. Employees were trained on how best to offer customer service and customer complain charter was adopted to help address customer complains.

Another study was done by Muigai (2019) which revealed that product innovation influenced Commercial Banks' performance in Kenya. Equity Bank introduced its own mobile banking service called Equitel, which allowed customers to directly transact money from and to their account and other mobile money providers. Banks also expanded their digital and mobile banking platforms to include all the major service providers like Safaricom and Airtel.

#### 4.5.2 Competitiveness of DMTL

Resource based view theory suggests that an organization is provided with a unique chance to come up with competitive advantages over its competitors through possession of strategic resources, (Barney, 1991). The findings of the study showed that Strategic resources like superior technology, strong organization culture and operational effectiveness are possessed by DMTL and this enabled the firm to compete effectively in the market. Utilisation of strategic resources enhances competitiveness of a firm.

The findings of the study could be linked to a study by Mwalili (2019) which stated that Family Bank limited in Kenya was able to achieve competitiveness through implementation of differentiation strategy. Distinct products were key in enabling the Bank to add more customers who felt that the products addressed their needs. Yoon and Lee (2017) reported that sustainable competitive advantage is enhanced by customer experience. A firm should seek to get feedback from its customers and continually find creative ways to enhance customer experience.

According to 2021 financial statements, DMTL reported a growth of 11% in profit after tax. It also increased its client base by 7% in the year 2021. The new products such as voice biometrics solution and WhatsApp integration solutions are expected to increase revenue for the company since clients have shown interest in the products. The development of new products and quick rollout of the products in the market would establish DMTL as an innovative company that commands a considerable market share. Strategic partners who have extensive business network can be useful in helping DMTL to onboard new customers as it seeks to grow its client base. A good business network is key for the success of any organization and hence DMTL should aggressively seek out strategic partners who are willing to bring in their networks so that DMTL can use that to expand. Such networks would also enable DMTL to move into untapped markets that are yet to be exploited by other businesses.

Benchmarking would also be key for DMTL as it would enable it identify what other companies in their sector are doing better than them. This requires DMTL management to identify such companies and seek to engage them on the basis of benchmarking. On a long-term this is likely to impact DMTL positively as it would be able to introduce new business processes and products that are key for its success in the market. The benchmarking can be done locally with a company that is doing well, if there are enough resources to support benchmarking outside Kenya then this option can also be explored. Benchmarking has been instrumental for many businesses to adapt to new ways of doing this and this has led to growth of businesses.

### CHAPTER FIVE: SUMMARY, CONCLUSION AND

#### RECOMMENDATIONS

#### 5.1 Introduction

This chapter gave a summary, conclusion of the research findings and recommendations. Further, the section highlighted the limitations and suggestions for further studies. A detailed and in-depth look on the study was instrumental to ensure that this particular part generated valuable information.

## 5.2 Summary

The background information indicated that majority (67%) of the respondents had attained Master degree level of education and that the respondents included the CEO and senior managers of key departments which are strategy, marketing, human resource, finance and operations. In regards to period worked by the respondents in their given roles, the majority (49%) had worked with DMTL for between 5 and 6 years. The study findings indicated that DMTL located in Kenya had a total of 25 employees and for the last 7 years had been up and running.

According to the study, DMTL leveraged on product innovation to develop software products that addressed evolving customer needs and market trends. The study established that DMTL developed high quality Products for its customers which made them loyal to the organization and this attracted new customers. It was determined that DMTL provided quality service delivery to its customers which gave it an edge over its competitors. The study established that DMTL offered great customer experience to its customers.

It was determined that DMTL implemented operating efficiency in its business operations which led to high productivity and savings through cost-cuttings. According to the study, DMTL implemented product quality control to ensure development of high quality software products. The study established that DMTL provided high quality customer service to maintain its existing customers and attract new ones and hence edge competitors.

#### 5.3 Conclusion

The study determined that implementation of differentiation focus positively affected competitiveness of DMTL in Kenya. The study established DMTL leveraged on product innovation to develop software products that addressed evolving customer needs and market trends. According to the study, DMTL developed high quality Products for its customers which made them loyal to the organization and this attracted new customers. It was determined that DMTL provided quality service delivery to its customers which gave it an edge over its competitors. The study also established that DMTL offered great customer experience to its customers. This highly differentiated DMTL in the market and gave them good visibility. The client base of DMTL had steadily rose since existing customers are retained and new ones attracted.

According to the study, DMTL implemented operating efficiency in its business operations which led to high productivity and savings through cost-cuttings. It was determined that DMTL implemented product quality control to ensure development of high quality software products. The study established that DMTL provided high quality customer service to maintain its existing customers and attracted new ones and hence edge competitors. The study determined that DMTL implemented product innovation that led to development of new software products and enhancement of existing software products features that ultimately delivered value to customers.

#### **5.4** Recommendations

The study recommended that DMTL needs to aggressively increase its marketing power so that it can have a wider reach to customers. A company may have great products and services but it still has to market its products and services so as to gain a large market share. Some potential customers may not be aware of the company in this case DMTL and hence marketing which can be focused on these group of potentials customers may be effective. This would mean that DMTL management needs to understand the behavior of these customers and hence group them together. The best medium to market to them would also need to be identified. Once a potential customer has been onboarded, real work begins and this would require DMTL to better serve their customers by satisfying their needs in the best possible way. This leads to customer loyalty since a happy customer would bring in more business and in turn act a as referral to other potential customers. Eventually DMTL is likely to have its customer base expanded and hence increased revenues.

The study also recommended DMTL to explore new technologies like Blockchain, Cryptocurrency and Robotic Process Automation. This would enable it to develop new products that utilize these technologies and hence acquire a new market that it previously could not reach. These new technologies promise to open new untapped markets that would likely lead to high growth for an organization. New technology requires investment and this means that DMTL would need to train its staff so as to be able to fully use and apply the given technology. Customers would also need to be engaged with the aim of educating them on how best the new technology would solve their current problems in a cost-effective way. For the successful rollout of new technological products, value must be guaranteed to the customers.

### 5.5 Limitations of the study

Booking of appointments needed to be done in advance and approved by the organization in order to secure time for the interview, sometimes this could be cancelled due to work related tasks that arose. This meant that one had to be flexible and avail themselves when the respondents were available, sometimes this took long to plan and achieve. The respondents were top management of the organization and due to the nature of their work, they were always busy and accessing them was very difficult. Communication was key inorder to get the respondents to specify the date and time they would be available, but the timings would also change depending with the respondent's work priority. With great deal of time, effort and dedication, the respondents finally availed themselves and the interview was conducted.

There are some factors which affected DMTL competitiveness which included; management, external factors affecting the market like legislation, inflation. For this research these were never concentrated on. These should be explored in the near future so that new knowledge and understanding could be gathered and made use of. Inflation in a country would erode the capability of customers' purchasing power and this would affect an organization's sales in a given period. This might force the organization to develop creative ways to minimize costs by optimizing their business processes and eliminating redundant processes. Some legislations that impact on taxes paid by businesses might also increase the costs of running a business. This would lead to closure of some businesses that find the business environment difficult to operate it. Government policies that create a good business environment leads to flourishing of businesses and improvement of the economy.

### **5.6** Suggestions for further studies

There is need to conduct studies on how Robotic Process Automation enhances competitiveness of a firm, to provide valuable information that can help firms adopt Robotic Process automation. From media reports, some Kenyan Organizations like Absa Kenya and Safaricom Kenya are said to have adopted Robotic Process automation and this provides a good reason to undertake the study.

This study was limited to a single organization, the study recommends that a future study be conducted in an entire sector or other sectors for comparison of result. The findings would be valuable as they can be compared with this case study, this would be useful to acquire deeper understanding as related to the study. Other sectors of the economy would have their own unique business opportunities and challenges, this would be useful for a study that is to be conducted.

The study was solely based on differentiation focus, a study should be carried out on technology startup companies that implemented cost leadership. An organization might opt to implement either differentiation focus or cost leadership, hence it would be useful to gather the findings and compare them with the need to identify knowledge that impacts businesses and individuals. A given market may present opportunities for companies that have implemented cost leadership while at the same time another market would have companies that have implemented differentiation focus flourish.

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#### **APPENDICES**

# **Appendix I: Introduction Letter**



# UNIVERSITY OF NAIROBI

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Our Ref: **D61/18568/2019** September 15, 2022

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

**NAIROBI** 

#### RE: INTRODUCTION LETTER: EMMANUEL OCHIENG ARUNGA

The above named is a registered Masters of Business Administration candidate at the University of Nairobi, Faculty of Business and Management Sciences. He is conducting research on "Implementation of Differentiation Focus and Competitiveness of Dynamic Mobility Technology Limited in Kenya".

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

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

Your co-operation will be highly appreciated.

Dean's Office
University of Natrobi
Faculty of Business
and Management Science
D n Rot 30197-00100, Natrobi

PROF. JAMES NJIHIA
DEAN, FACULTY OF BUSINESS AND MANAGEMENT SCIENCES

JN/jkm

# **Appendix II: Research Interview Guide**

This interview guide intends to gather data on the effect of implementation of differentiation focus on competitiveness of DMTL in Kenya. This study is purely for academics and total confidentiality shall be adhered to with respect to information given. Your identity would be concealed and protected.

#### **SECTION A: GENERAL INFORMATION**

- 1. What is your highest level of education?
- 2. What position do you hold in this organization?
- 3. How long have you been in this position?
- 4. What is the size of your organization?
- 5. How many years has your organization been operating in Kenya?

# SECTION B: IMPLEMENTATION OF DIFFERENTIATION FOCUS IN FIRM

	Differentiation Focus Methods
	Product Innovation
6.	Does your organization conduct market research to identify new software
	products or software product features that its clients need?
7.	Does your organization develop new software products or enhances existing
	software product features for its clients?
8.	Does new software products or enhanced software product features create value
	for clients?

	Differentiation Focus Methods
	High Quality Products
9.	Does your organization have a robust structure and elaborate process that
	ensures development of high quality software products?
10.	Does your organization develop high quality software products that
	continuously deliver value to customers?
11.	Have customers attested to the high quality software products in your
	organization?

	Differentiation Focus Methods
	Quality Service Delivery
12.	Does your organization have a robust structure and elaborate process that
	ensures delivery of quality service?
13.	Does your organization continuously work on enhancing the delivery of quality
	service by eliminating redundant processes and optimizing the other processes?
14.	Have customers attested to the quality service delivered?

	Differentiation Focus Methods
	Great Customer Experience
15.	Does your organization continuously offer great customer experience to its
	customers?
16.	Does your organization evaluate and adopt evolving customer trends and needs
	once determined to add value to the customers?
17.	Have customers attested to the great customer experience offered?

# SECTION C: COMPETITIVENESS OF FIRM

	COMPETITIVENESS INDICATOR
18.	Does your organization offer high quality customer service?
19.	Has the organization achieved operating efficiency in its business operations
	leading to high productivity and savings through cost-cuttings?
20.	Has the organization implemented product quality control to ensure
	development of high quality software products?
21.	Has the organization implemented product innovation that leads to
	development of new software products or enhancement of existing software
	products features that ultimately deliver value to customers?

#### THANK YOU FOR PARTICIPATING IN THIS STUDY!

# Appendix III: List of ICT Firms in Kenya

This is a list of ICT firms in Kenya.

- 1. Cellulant Corporation
- 2. Craft Silicon Limited
- 3. Tangazoletu Limited
- 4. Dynamic Mobility Technology Limited
- 5. Eclectics International Limited
- 6. Fintech Kenya Limited
- 7. Masterclass Solutions Limited
- 8. Agile Business Solutions Limited
- 9. Smart Applications Limited
- 10. Compulynx Limited
- 11. Mtech Limited
- 12. Next Technologies Limited
- 13. Wilcom Systems Limited
- 14. Express Automation Limited
- 15. East Africa Data Handlers Limited

Source: Kampusville (2020)