

**ORGANIZATIONAL GROWTH STRATEGIES ADOPTED BY  
SAFARICOM KENYA LTD**

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REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF  
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**DECLARATION**

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

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

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D61/60001/2013

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

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## **DEDICATION**

I dedicate this piece of work to my lovely wife Everlyne and my daughters Shirley and Dian for their unending love and inspiration. I believe it's their strength that made me go through it. May God give them a healthy living.

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## **ABBREVIATIONS AND ACRONYMS**

**ATM:** Automated Teller Machine

**GoK:** Government of Kenya

**KCB:** Kenya Commercial Bank

**NPD:** New Product Development

**SMS:** Short Message Service

## **ABSTRACT**

Today's business environment is complex, dynamic, unpredictable, uncertain and competitive. The changes in the environment affect how organizations operate. It may present critical challenges or new opportunities for growth and development. Companies therefore adopt various kinds of strategies in response to the environmental changes to grow and survive. The aim of this research is to establish organizational growth strategies adopted by Safaricom Kenya Limited. It reviews literature on the growth strategies and explore theory that the research is based on as well as models that support Organizational growth. Case study design was used by the researcher as objectives of the study require an in depth understanding on the organization growth strategies adopted by Safaricom Kenya Ltd. The study used primary data collected from face to face interview .Unstructured questions were administered in the course of data collection. The researcher visited the firm during working hours to conduct interviews and when the respondents were comfortable. Six Top Managers who are part of the team that draft Strategic plans were identified as target group in the study. The data collected was qualitative and was analyzed by content analysis. The study found out that success of a firm is dependent of the strategies formulated and implemented. It established that the successful organizational growth of Safaricom limited is dependent on the strategies employed. It concluded that Safaricom Ltd has successfully grown as an organization through application of both Ansoff growth and Porter's generic strategies which are product development, diversification, and differentiation and distribution networks. The study recommended few if not one regulatory player in the industry as many regulators may in long run affect the business operations. The researcher however encountered un-cooperative respondents who do not understand the significance of the research and the researcher explained to them the importance of the study and the way it will assist their working lives in the organization The study found out that that they are other strategies other than porters and Ansoff that can be employed on organization growth thus suggested that further research be done on these strategies. It further suggested that research be done on organizational growth strategies employed by other players in the industry which might aid decision making by regulators.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Business organizations are operating in environments that are increasingly uncertain, complex, competitive, dynamic and unpredictable. The changes in environments are not only rapid and bewildering but also appear to be in a state of constant flux. Development arising from these forces and the need for organizations to survive in today's fiercely competitive market are causing many organizations to rethink the way they are doing business in order to remain relevant to their stakeholders in the unfolding dispensations. These contextual influences not only present organizations with critical challenges but also present new opportunities for growth and development (Ojo, 2009). Companies therefore are adopting various strategies to respond to these forces in order to survive and grow.

For any business and or industry, the quest for growth is necessary to prevent it from disappearing. It is something for which most companies strive, regardless of their size. As observed by Bakshi and Penkar, (2014) small firms want to get big, big firms want to get bigger and that companies grow in order to accommodate the increased expenses that develop over time. Growth therefore must occur if the business wishes to keep up. Dordonne, (2013) in his view, says growth is the purpose of strategy which can be achieved in many ways, not always as self evident as gaining always more customers. Sometimes it can be about gaining all of a small kind of customers, some other times, about being the most cost efficient. Regardless of the method chosen to achieve growth,

they are subsequently numerous ways to implement the chosen strategy. At its basic, growth is simply not falling back behind the competition and or the market itself. Importance of organization growth strategies has been receiving attention by both scholars and business world. Kottler and Armstrong, (2001) say companies need growth if they are to compete more effectively, satisfy their stakeholders and attract top talent. In order to do that every company should set goals or create strategic plan to grow in the market. A company should therefore formulate proper strategies for their organization that will make them profitable. Kotler and Keller, (2012) links strategy with effective usage of development potentials and results of an organization that reacts to adopt itself to the environmental changes. They say each company should consider opportunities and threats coming from external environment and using them to better themselves by empowering their internal strengths and reducing internal wreckages.

Resource based view theory sees the firm as a collection of assets, or capabilities. It is grounded in the perspective that a firm's internal environment, in terms of its resources and capabilities, is more critical to the determination of strategic action than is the external environment. Instead of focusing on the accumulation of resources necessary to implement the strategy dictated by conditions and constraints in the external environment, the resource based view suggests that a firm's unique resources and capabilities provide the basis for a strategy. The business strategy chosen should allow the firms to best exploit its core competencies relative to opportunities in the external environment, (Hitt et al, 2015).

### **1.1.1 Concept of strategy**

The concept of strategy as suggested by Nickols, (2003) had been adopted from the military and adapted in to modern business. A review made by notable scholars on business strategies indicates that adoption is easy since adaptation is modest. In business as in military, strategies bridges the gap between policies and tactics. Hence strategy and tactics bridges the gap between ends and means. Mintzberg, (1994) viewed strategy as a plan, a direction, a guide or course of action into the future and as a pattern, that is, consistent in behavior over time, but management philosopher Drucker says it is an indicator of the organization's positioning for the future, the what rather than the how.

According to Johnson and Whittington, (2008) most organizations configure their resources and competences with the aim of fulfilling stakeholder expectations. This according to them is achieved by defining the direction and scope of an organization over the long term to achieve advantage in a changing environment. Chandler, (1962) in his support says the determination of the basic long term goals and objectives of an enterprise and the adoption of the courses of action and the allocation of resources necessary for carrying out these goals is what constitutes strategy.

Strategy defines what does matter from what does not matter. Pearce and Robinson, (2003) says the secret of effectiveness is to know what really counts, then do what really counts, and don't worry about the rest. Identifying what is important from what is not important reduces frustration. It is strategy that provides direction and scope of an organization over the longer term, which matches its resources to its changing

environment, and in particular, to its markets, customers and clients to meet stakeholder expectations (Johnson and Scholes, 1993). Andrews, (2006) emphasized on the purpose and the means by which purpose will be achieved, on the values and the cultures that the company stands for. He says the pattern of objectives, purposes or goals and the major policies and plans for achieving these goals, stated in such a way as to define what business the company is in or is to be in and the kind of company it is or is to be is what defines strategy.

### **1.1.2 Concept of Organizational Growth**

Organizational growth means different things to different organizations. Most companies will measure their growth in terms of net profit, revenue and other financial data (Caplow, 1983). The parameter chosen tend to influence amount of growth that is perceived. Weinzimmer et al, (1998), found that there is a significance relationship between determinants and organizational growth, as well as the amount of explained variance depend on the specific approaches used to measure growth. Companies have to grow in order to accommodate the increased expenses that develop over the years (Crosby, 1990). Most firms therefore desire growth in order to prosper, not just to survive.

Organizational growth has the potential to provide businesses with a myriad of benefits. Greater efficiencies from economies of scale, increased power; greater ability to withstand market fluctuations, increased survival rate, greater profits, and increased prestige for organizational members are examples. Johnson and Scholes, (2008) say that

growth is not optional in many markets and that if an organization chooses to grow more slowly than the competition, it should expect the competitors to gain cost advantage in the longer term. Many firms therefore desire growth because it is seen generally not only as a sign of success; progress but also indicator of effectiveness for most businesses.

Organization growth is a necessity to meet the demands of an increasingly complex and dynamic environment. D'silva, (2005) reiterates that knowledge and evidence informed decision making are instrumental in organizational growth and entails being focused on important goals and involving others in achieving them .This process in turn involves strategy formulation, which is affected by the existing conditions, the level of competition and market growth.

The growth and survival prospects of new firms will depend on their ability to learn about their environment and to link changes in their strategy choices to the changing configuration of that environment (Geroski, 1995).Van,(2002) say that organizations appear in the market, survive, grow and eventually die, transferring their knowledge and information to surviving firms. In this sense, organization size reflects how the firm evolves and adapts to its environment. Weinzimmer et al, (1998) views growth as a derivative of another successful strategy which may be deliberately sought to facilitate the achieving of management goals and also make organization less vulnerable to environmental influences as larger organizations tend to be more stable and less likely to go out of business.

### **1.1.3 Mobile Telecommunication Industry in Kenya**

The Kenyan telephony market is indeed the best example on how increased competition has resulted in growth of firms. It has spilled over into all areas of the telecommunication sector by pushing operators to turn to bundled and converged services to improve their market positions. Current trends suggest that the decision by the Communications Commission of Kenya to offer unified licenses in 2008 will generate the rapid growth and development that it had hoped to see in the fixed market (Mureithi, 2011).

The primary drive for growth in the telecommunications sector is associated with the speed of new technology implementation, which extends the market potential by introducing new services, and developing new capabilities to key players, as well as reducing their costs. Use of cell phones in Kenya continues to grow and this is seen not only through the increase in the number of subscribers and providers, but also in the kinds of services that are provided. It is an ever expanding industry; there is always room for innovation and growth and of course, a plethora of services to cater to the needs of every single customer (Mutisya, 2013).

### **1.1.4 Profile of Safaricom Ltd**

Safaricom Limited is Kenya's current leading Mobile Telephone Operator and prides itself as being a total communications solutions provider. It was based on an analogue network before upgraded to GSM in 1996 with license awarded in 1999. On 3 April 1997 it was incorporated under the Companies Act as a private limited liability company then further converted into a public company with limited liability on 16 May 2002. By virtue of the 60% shareholding held by the Government of Kenya (GoK), Safaricom was a state



corporation. Following the offer and sale of 25% of the issued shares in Safaricom Ltd held by the GoK to the public in March 2008, the GoK ceased to have a controlling interest in Safaricom under the State Corporations Act and therefore the provisions of the State Corporations Act no longer apply to it. Safaricom Kenya Ltd.'s aim is to transform lives. In order to achieve this, a strong focus has been placed on quality of service offered to the customers and has therefore implemented best practices based on Vodafone's vast international experience and as well as their knowledge of the local market, having operated in Kenya for over 10 years.

In the modern world of globalization, Safaricom Ltd has been able to keep pace with the global mobile telecommunication scenario by having strategic business associations; which add value to the global mobile telecommunication initiative and help in meeting the dynamic challenges of the modern mobile telecommunication world. With fast growing subscriber base standing at over 24 Million, Safaricom Ltd has offered range of products and services to its customers. These include M-PESA, Instant Internet, Safaricom WAP, Toll Free, Call Hunting, PPRTU, Simu ya Jamii, SMS, Voicemail, Get-it 411, 191 Direct, various tariffs, 24 hour customer service, Roaming service for prepay and Post Pay customers, ATM top-up, Vending machines, Emergency numbers for example 911, Executive voicemail for postpaid customers and community phones (phone booths), SMS, Get it sports scores, Safaricom online, Mobile Office, Third party top-up, SMS2Mail (Safaricom History, 2015).

## **1.2 Research Problem**

Market penetration is one of the four alternative growth strategies of the Product-Market Growth Matrix as defined by (Oliver, 1995). Growth of business is an important precondition for a firm's longevity. Negative growth of an SME is often a sign of problems, while stagnation, i.e. a situation where growth has stopped, is usually indicative of problems that a firm will face in the future. As a matter of fact, growth often has instrumental value. For new ventures, firm growth is needed to ensure an adequate production volume for profitable business. Growth can serve as an instrument for increasing profitability by enlargement the firm's market-share. Other similar goals include securing the continuity of business in the conditions of growing demand or achieving economies of scale. Moreover, growth may bring the firm new business opportunities and a larger size enhances its credibility in the market. Also, achieving a higher net value of the firm can be regarded as a motive for firm growth (Njeru, 2013).

Safaricom Kenya Ltd began 20 years ago as a mobile telephony firm. At the time of its commencement it had very few customers. Today the organization has more than 23.35 Million customers with over 5000 Agency Head Office Networks. This growth has occurred in the face of a heightened competition and legislation that regulates the industry. The telecommunications sector itself has grown in the sense that competitors in the industry have increased with time (Safaricom History, 2015).

In addition to this organization has adopted diversification, differentiation and venture into new markets for example mobile money transfer services in order to grow and meet its customers' demands and expectations. The selection and hiring of highly skilled personnel has helped the organization implement its organizational growth strategies.

There are several studies that have been done in the field of organizational growth strategies. Eisenherdt and Schoonhoven, (1990) found out that the greatest influence to organizational growth strategies chosen by young firms is environmental determinism and founding conditions. This meant success of organizational growth strategy is dependent on circumstantial factors and not the chosen strategy. Dewhurst et al, (2011) found out that addressing the organization's weaknesses as growth strategies gave the organizations significant advantage.

Herman et al, (2011) in his research discovered leadership quality as essential for growth and that certain competences are more important to some growth strategies than to others. Both Dewhurst and Herman therefore imply that the success of organizational growth strategies is not circumstance driven but is dependent on purposeful steps to address organizational weaknesses and chose the right managers. Weinzimmer et al, (1998) suggested that the success of organizational growth is dependent on the specific approaches used to measure growth. This therefore implies that the results are subjective and by choosing one measure of organizational growth the results can be altered.

The literature review suggests that organization growth has been an area of interest to various stakeholders including researchers. Many aspects of organization growth have been studied in the last 50 years, but there are very few studies conducted on the strategic growth path followed by firms on telecommunication industry. Majority of the literature emphasizes on the competitive strategies adopted by these firms leaving out growth. What are organizational growth strategies adopted by Safaricom Ltd?

### **1.3. Research Objective**

To establish organizational growth strategies adopted by Safaricom Kenya Ltd.

### **1.4. Value of the Study**

To top Management of the Business Organization and strategic analysts. The study will help them understand the broad strategic overview of organization growth as well as contribution of growth strategies to the position of the firm by uncovering and matching of key strategic practices thus allow them to choose the most appropriate growth strategy to implement.

To researchers and students of strategic management. The study will enrich literature on organization growth strategies by providing more insights on growth path taken by organizations thus help contribute to the theory and research work.

Growth strategies have been an interest to both policy makers and implementers. It not only provides basis for economic growth, employment and social policies but also indicators of industrialization. Technological changes, social changes have been attributed to the rate at which firms diversify their business in their quest for Growth.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents reviews of literature on the growth strategies .It will explore theory that the research is based on and models that Support Organizational Growth.

#### **2.2 Theoretical Foundation**

Organizational growth can be explained using Resource based view Theory. Resource based perspective, according to Wernerfelt, (1984) focuses on the enterprises' resources like expansion of business activities and financial resources. It holds that there are unlimited sources of opportunities in the market place. Barney, (1991) says it is essential to manage transition for example, the point at which the resources are being reconfigured by deploying firms' resources to identify and exploit the next growth opportunity. Hence, to determine successive phases of growth and development, resources need to be reconfigured during the transitions between stages.

According to Barney, (1991) Resource based view suggests that the firm is a collection of sticky and imperfectly imitable resources. Firms therefore diversify in response to the excess resources (Penrose, 1959).This happens when resources cannot be efficiently sold in the market due to the market failure generated from resource stickiness (Teece, 1982). Resources can be physical, such as production equipment or innovations protected by patents, or intangible, such as brand equity or operating routines. Sharing resources across multiple products or markets successfully can result in synergistic gain from the

economies of scope and the economies of scale, which becomes an incentive for firm to expand. As Penrose, (1959) observed expansion can provide a way of using the services of its resources more profitably than they are being used; a firm has an incentive to expand.

### **2.3 Concept of corporate strategy**

Most organizations anticipate to have unified, comprehensive and integrated plan that relates the strategic advantage of the firm to the challenges of the environment designed to ensure that basic objectives of the enterprise are achieved through proper implementation process (Glueck, 1984). It is therefore how organization positions itself with regard to the environment and in particular to its competitors as well as establishing competitive advantage, ideally sustainable over time, not by technical maneuvering, but by taking an overall long-term perspective (Faulkner and Johnson, 1992).

The concept of corporate strategy is based on the competitive advantage model formulated by Porter, (1985). Porter asserts that competitive advantage arises out of a firm creating value for its customers. To achieve it, firms select markets in which they can excel and present a moving target to their competitors by continually improving their position. He emphasized the importance of differentiation, which consists of offering a product or service that is perceived industry wise as being unique, and focus; seeing a particular buyer group or product market more effectively or efficiently than competitors who compete more broadly.

Porter, (1985) then developed his well known framework of three generic strategies, innovation, quality and cost leadership, which organizations can use to gain competitive advantage.

Corporate strategy includes the commitments, decisions and actions required for a firm to achieve strategic competitiveness and earn above average returns. Andrews, (1980) says corporate strategy are decisions in a company that determines and reveals its objectives, purposes or goals, produces the principal policies and plans for achieving those goals, and defines the range of businesses the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non-economic contribution it intends to make to its shareholders, employees, customers, and communities.

According to Hunger and Wheelen, (2010) corporate strategy is primarily about the choice of direction for the firm as a whole. This is true whether the firm is a small, one product company or a large multinational corporation. In a large multi business company, however, corporate strategy is also about managing various product lines and business units for maximum value. Even though each product line or business unit has its own competitive or corporate strategy that it uses to obtain its own competitive advantage in the marketplace, the corporation must coordinate these different business strategies so that the corporation as a whole succeeds as a family.

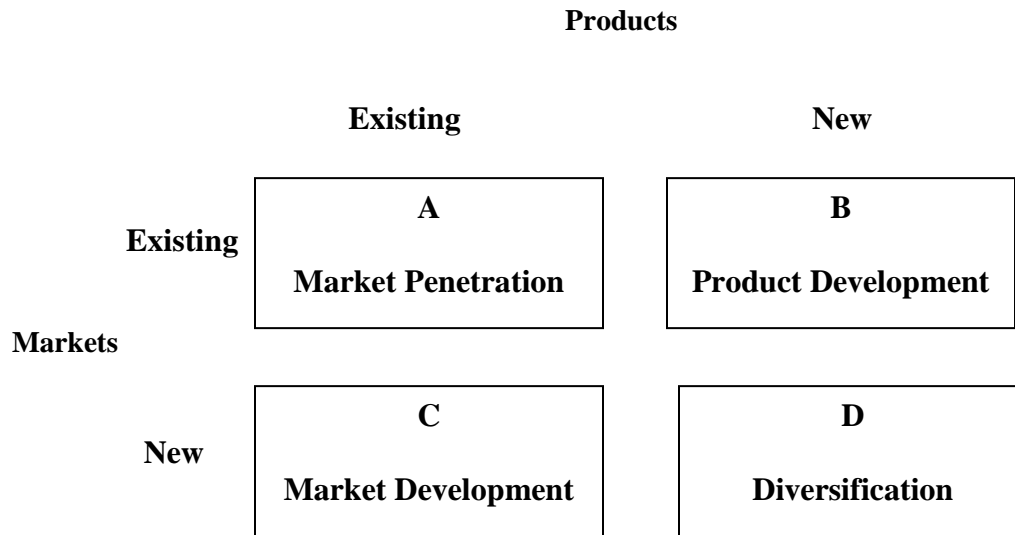


## **2.4 Ansoff Matrix Growth Model**

Every business owner wants to grow their business but it is often difficult to determine the best way forward. The growth of an organization, in terms of products and markets, can be analyzed using the Ansoff Matrix. The matrix may not be able to analyze the organization mergers or alliances, but it does analyze the organizations growth in terms of the core areas of a company (Johnson and Scholes, 2008).

According to Ansoff, (1957) business owners' ability to grow their businesses comes down to how they market new or existing products in new or existing markets. He outlined four distinct strategies: Market Penetration, Market development, Product development and diversification. Using Ansoff's matrix, business owners can evaluate each of the growth strategies in turn to assess which is likely to result in the best possible return. He argued that a firm's mission should exploit an existing need in the market, rather than using the consumer as the common thread in business. In reality a given type of customer will frequently have a range of product missions or needs (Ansoff, 1965).

**Figure 2.1: Product Market Development Matrix**



**Source:** Ansoff, (1965). *Corporate Strategy*.

An organization typically begins in Box A with existing products and existing markets as illustrated below on Figure 2.1. The organization then has an option of developing new products for its existing markets (Box B), bringing its existing products into new markets (Box C) or attempting full diversification with new markets and new products (Box D). The Ansoff matrix explicitly considers growth options and growth is not optional for any organization that wants to remain relevant in an ever changing market.

## **2.5. Organization Growth Strategies**

Growth Strategy refers to a strategic plan formulated and implemented for expanding firm's business. Every firm has to develop its own growth strategy according to its own characteristics and environment. Organizations need a growth strategy to increase the value of their business and examining growth strategies is a good start because they apply

to all types of businesses, focusing on one aspect of operations and specifying the actions to be taken to achieve your goals.

Understanding growth strategies enable organizations to customize the right plan for their company and objectives (Cole 2004). Growth strategies involve a significant increase in performance objectives usually sales or market share beyond past levels of performance. Many organizations as pointed out by Marlin et al, (2004) pursue one or more types of growth strategies. One of the primary reasons is the view held by many investors and executives that bigger is better. Growth in sales is often used as a measure of performance. Even if profits remain stable or decline, an increase in sales satisfies many people. The assumption is often made that if sales increase, profits will eventually follow.

According to Storey, (1998) there has been an assumption that anyone who starts business will also want to grow it. He however found out that high growth firms are vital to the economy, providing most employment prospects, over 50% of the new jobs created by small business are provided by the fastest growing 4 percent of firms. Stokes and Wilson, (2006) in his support say to be truly successful a small firm must manage the transition into a larger company. Small business is, after all, the seed corn for tomorrow's larger enterprises and that many of industrial gains will disappear to be replaced by today's fast-growing small firms. Success is inextricably linked to growth. The small business owner who achieves rapid growth to enter the large business category is seen in a heroic light.

Many companies fail to achieve their growth targets in revenue and profitability. Bill, (2015) however says, the probability of achieving profitable growth is heightened whenever an organization has a clear growth strategy and strong execution infrastructure. One without the other impairs the probability of success. Structural changes are growth strategies that emerge out of company crisis as well as environmental gaps. Scott and Bruce, (1987) indicated that each distinct stage of growth for a business is associated with a crisis point. In order for the organization to thrive it must develop effective strategies in the form of new structures and systems to accommodate the effects of growth (O'Neill, 1983).

### **2.5.1 New Product Development strategy**

The dynamics of markets, technology, and competition have brought changes to virtually every market sector and have made new product development one of the most powerful business activities. Nigam, (2012) says the monumental changes that constantly impact commerce have forced companies to innovate with increasing speed, efficiency, and quality. The power of innovation is revealed in numerous studies, which show that companies leading their industries attribute about half of their revenues to products developed in the most recent five years. By comparison, companies at the bottom of their industries achieve approximately one-tenth of their sales from new products.

New product development, according to Yannopoulos, (2011) is an important way for businesses to stay ahead of the competition and continue to appeal to the changing needs of existing customers. Ferrell and Hartline, (2008) observed that creation of new products

or services is a primary method by which companies grow and that new product development is the linchpin of most organizations' growth strategies.

The development and commercialization of new products' therefore is a vital part of firm's efforts to sustain growth and profits over time. Most established companies focus on incremental innovation, entering new markets by tweaking products for new customers, using variations on a core product to stay one step ahead of the market and creating solutions for industry wide problems. Kotler, (2012) noted that newer companies create disruptive technologies that are cheaper and more likely to alter the competitive space. To avoid the Trap incumbent firms must carefully monitor the preference of both customers and non customers and uncover evolving, difficult to articulate customer needs.

The reason why firms invest this much in new products is that they hold the answer to most firms' biggest problems. Competitors as observed by Crownford, (2010) do the most damage when there so little product differentiation and when they have a desirable new item that they don't. The fact is a new successful product does more good for a firm than anything else that can happen.

Successful new product development (NPD) is a critical cornerstone of firm success .Significant incentives exist for firms to continuously introduce viable new products to the markets they serve. Hauser and Dahan, (2007) found that the financial payoff from successful new product introductions can help many firms overcome the slowing growth

and profitability of existing products and services that are approaching the maturity stages of their life cycles.

### **2.5.2 Distribution Network strategy**

Distribution networks are receiving more of the recognition they deserve as drivers of market success. Adapting distribution network to changes in business strategy and growth is a path to competitive advantage. Etemad and Richard, (2003) say successful companies know how to sell, where their customers want to buy and focus distribution partner selection around this core tenet. They engage and motivate their high-value partners, recognize and address declining relationships, and continually reevaluate all partners' abilities to reach their highest value customer segments. They further clarified that these companies also understand that distribution channels are only as effective as their ability to contribute to top-line growth. They manage their decision making with this understanding at the center of all they do.

Success depends upon the effectiveness and reach of Go to market growth strategy. Distribution channel optimization is a critical ingredient to sustaining growth through a rigorous customer focus (Hanifan, 2009). Distribution partners enable suppliers to deliver goods or services to end users, and distributors' reach significantly influences the extent to which suppliers can engage with customers. They too provide customer service in areas where suppliers cannot or do not for example financing, insurance, and training. Taken together, the two deliver an enhanced customer experience which if managed properly; distributors provide access to customers that can determine a supplier's reach, revenue, and long-term growth potential of an organization, ( Rangan and Marie, 2006)

Given an unstable global economy, always aggressive competition, and increasingly powerful distributors, many companies are finding it difficult to achieve profitable growth. To make matters worse, increased customer sophistication, decreased need for information and support, and growing price sensitivity have directly affected relationships between suppliers' and distributors and in many instances have shifted the balance of power into the hands of distributors. Distribution optimization is therefore the key to competing in new markets or regions, reaching customers where they prefer to buy, and achieving both goals profitably.

### **2.5.3 Diversification strategy**

According to Rumelt, (1974) diversification strategy is a firm's commitment to diversity per se, together with the strengths, skills or purposes that span this diversity, shown by the way in which business activities are related one to another. It involves modifying products and services in order to conquer new markets. Dordonne, (2013) observed that companies pursuing this strategy try to leverage the brand image and product and services experience to enter new markets. The differentiating point of the markets can be demographical or different price level for instance.

Diversification strategy, as mentioned by Hao et al, (2011) is a technique for the identification and assessment of potential risks and combines a diverse array of investments in a portfolio. They assert that the justification is that fluctuations in the

value of single security will have smaller negative impact as a part of a diversified portfolio. In this way, diversification reduces the overall risk of the investments.

According to Levy and Sarnat, (1970) organizations attempt to diversify into a wide range of industries, in order to lower their likelihood of failure. Weston and Mansighka, (1971) indicated that firms may undertake corporate level diversification to defend against the possibility of a deteriorating industry environment. They suggest that organizations can survive, or at least affect their rate of decline if they react correctly to environmental change. Pfeffer and Salancik, (1978) in addition state that firms can buffer against environmental effects through diversification of the firm's activities or markets.

Diversification strategies have been used to expand firms' operations by adding markets, products, services, or stages of production to the existing business. Lyon et al, (2002) assert that diversification strategies are implemented to broaden company's activities by increasing services, markets and products. The objective of diversifying is to enable a firm to enter other business units that are divergent from prevalent activities.

According to Hamilton and Booze, (2001), diversified firms are those that extend their business base in order to decrease overall risk and improve the growth rate of the firm. In their opinion, Luxenberg et al, (2004), say diversification strategies are used to expand firms' operations by adding markets, products, services, or stages of production to the existing business.



#### **2.5.4 Differentiation Strategy**

Differentiation strategy involves uniqueness in doing something that is sufficiently valued by customers to allow a price premium (Johnson et al., 2011). The emphasis can be on brand image, proprietary technology, special features, superior service, a strong distributor network or other aspects that might be specific to an industry. The uniqueness should also translate to profit margin that is higher than the industries average (Porter, 1985).

Successful differentiation is based on a study of buyers' needs and behavior in order to learn what they consider important and valuable. A product can be differentiated in various ways. Unusual features, responsive customer service, rapid product innovations and technological leadership, perceived prestige and status, different tastes, and engineering design and performance are examples of approaches to differentiation (Porter, 1980).

Firms attempt to gain a competitive advantage by increasing the perceived value of their products or services in relative to the perceived value of other firm's products or services. They do this by differentiating their products, (Porter, 1998). Porter adds that by increasing the perceived value of its products or services a firm will be able to charge a higher price than it would otherwise. The higher price can increase a firms revenue and thus growth. Mercedes attempts to differentiate its cars from Hyundai's cars through sophisticated engineering and high performance.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This section focus on research design, research instruments, data collection and data analysis procedures.

#### **3.2 Research Design**

Dooley, (2007) defines a research design as the scheme, outline or plan that is used to generate answers to research problems. The study therefore was conducted using a case study design. A case study is a research design where data is collected from one or a few study units only (Mugenda and Mugenda, 1999). The design was chosen by the researcher since it is suitable in situations where questions such as how, why and what are investigated on a certain phenomenon to give facts of the situation as it is, without interference by the researcher.

Case study design was also chosen by the researcher as objectives of the study require an in depth understanding on the organization growth Strategies adopted by Safaricom Ltd. The study was carried out in Safaricom Offices, Nairobi where the strategic plans are drafted and piloted before being implemented in Safaricom branches.

### **3.3 Data Collection**

The study used primary data collected from face to face interviews. Structured and unstructured questions were administered in the course of data collection. Structured questions were used in an effort to conserve time and to facilitate in easier analysis as they are in immediate usable form; while the unstructured questions were used so as to encourage the Safaricom employees to give an in depth and felt response without feeling held back in revealing of any information.

The researcher visited the firm during working Hours to conduct interviews and when the respondents were comfortable. Six Top Managers who are part of the team that draft Strategic plans were identified as target group in the study. After interview, data collected were put in a lockable place for confidential purposes .The whole information given by each respondent was put together and recorded down accordingly for interpretation and analysis.

### **3.4 Data Analysis**

The data collected was qualitative and was analyzed by content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of the study (Mugenda and Mugenda, 1999). The qualitative content analysis was used because the researcher was able to describe, interpret and criticize the content of the research which could not be done numerically. It was also chosen so as to understand the consistence of information from various respondents. The result was then presented in prose form.

## **CHAPTER FOUR**

### **DATA ANALYSIS, RESULTS AND DISCUSSION**

#### **4.1 Introduction**

This chapter discusses the data findings, analysis and interpretation of the research. The main objective of the study was to determine the organizational growth strategies adopted by Safaricom Kenya Ltd where case study research design was used.

#### **4.2 Respondents information**

To achieve the objective of the study, the research was conducted through an interview guide .The interview guide was divided into two sections; section one sought to find information on the interviewee while the second section sought to find data on the organizational growth strategies Safaricom Kenya Ltd has adopted. Being a case study research, an interview guide was used to establish the age, gender, Level of education and the duration in years that each interviewee had been with the organization. When the interviewees were asked about their age, it was found out that the age ranged from 35 years to 45 years.

The study also sought to establish the interviewee's gender distribution. From the findings, three of the interviewees were females and 3 were males. This shows that Safaricom Kenya Limited has empowered women who have worked to occupy senior management positions and that equality is of essence. It also shows that the decisions made in the organization are gender sensitive and in long term wins stakeholders support.

On the Length of time the interviewee has worked with Safaricom Kenya Ltd, the findings confirmed that all interviewees have worked for more than five Years .This explains how well vast they are with strategic decisions and policy issues within the company. Their response rate was 100%.The interviewees consisted of one manager from Product development, one senior manager for sales and marketing, a manager Information Technology, two Senior Manager for Customer Operations and senior Manager for Finance.

#### **4.3 New Product Development Strategy**

Product development involves modification of existing products or the creation of new but related products to be marketed to the existing customers through the existing channels. When asked whether Safaricom Kenya Ltd adopted new product development strategy in their quest for growth, all the interviewees, from the findings, indicated that Safaricom Kenya Ltd has continuously developed new products and services to meet the needs of the consumers. They do so by analyzing market needs and determining the opportunities available in the industry.

The company serves most of the market segments within the environment it operates in therefore have to come up with strategies that will enable it maintain and grow its business and customers. Examples of New Products and modified are fourth Generation Internet access recently launched in the brand name 4G, Mobile Money Transfer Services in the Brand name of M-PESA which has generated other products like Lipa na MPESA, Paybill services, M-ticketing, M-distribution, Mshwari & KCB-MPESA loans and

savings account, Wifi Services for Internet, Sms more for Less in Short Messaging Services (SMS) and Directory services. The company has also been reviewing existing products and introducing more value added benefits like Okoa Jahazi for prepay customers to borrow airtime and repay later, Call back Ringtone Services in the brand name SKIZA for all customers.

The company has also been in fore front to ensure new products and services are availed. From the findings, the interviewees affirmed that the company has invested heavily on development of new products and services through their strategy and innovation division. The team ensures the company comes up with new products and services that give their customers continuous satisfaction through different products and services availed. The company runs promotions and does customer education to ensure that all its customers are aware of their new products. They ensure that customers participate in the roadmap towards new product release by way of interviews, opinions, roadside shows and pretest launches. For example for the launch of latest products for example advantage plus services for post pay, promotions like Shangwe Mtaani, customers are educated by way of text messages, newspapers adverts and outsourced marketing companies .

#### **4.4 Distribution Network Strategy**

When asked whether Safaricom Kenya Ltd adopted distribution network strategy, all the interviewees were of the view that agency networks have greatly help the company reach out to the customers in various regions. Through its dealer management team, most of its customers have been able to get access to goods and services provided by Safaricom. M-

PESA being the useful brand, with more than 13 million registered customers and served on consistently branded stores, has ensured customer experience has been transferred to local communities. The stores are recognizable as they are painted Safaricom green with a prominent M-PESA logo.

On how Safaricom has developed its agency networks, interviewees confirmed that the company has invested in store training and actively supervising the store network. Stores are chosen for their good knowledge of English and Kiswahili. Store clerks know how to use and explain the service to customers. The need for strong branding and consistent customer experience at the store led Safaricom to require operator exclusivity of M-PESA agents, meaning they could not sell or promote the products of competing mobile operators. On the number of agency networks, the findings confirmed that Safaricom has more than 5000 Head office agent networks supported by over 90,000 agent outlets. This has helped the company widen their reach and preach the gospel of their service

#### **4.5 Diversification Strategy**

Diversification is a strategy that allows a company to enter additional lines of business different from the current products, services and markets. Diversification strategies help organization widen organization's scope across different products and market sectors. On the question as to whether Safaricom Kenya Ltd has adopted diversification strategy, all the interviewees, that is 100% indicated that Safaricom Kenya Limited has adopted diversification strategy to meet market challenges and take advantage of opportunities presented by the market. It has adopted diversification strategy in consideration with

Safaricom's core business which is mobile voice service provider, however over the years it has diversified to mobile and fixed data services, video conferencing and mobile money transfer services under the brand name M-PESA. The data services target both corporate and individual consumers mainly for internet access services, e-mail services. Cloud services have been the latest development which the company has launched.

The interviewees were also asked to list the various diversifications options Safaricom had adopted. It was noted that for Safaricom, mobile phone voice service was the core service; other services are referred to as value added service which mean that all other services provided by Safaricom are supportive of their core product mobile voice service. Majority of the interviewees indicated that Safaricom limited had adopted different strategies in different areas based on challenges or opportunities the company is faced with. The various diversification options include Concentric Diversification which has seen Safaricom Kenya Ltd add new products to fully utilize existing technologies and market systems. This includes MPESA Products, Data services. It has also practiced corporate diversification through production of unrelated but definitely profitable goods for example Data services and M-PESA.

Interviewees were also asked to give their opinion on diversification strategy leading to growth. It was unanimously indicated that diversification was key to Safaricom growth. They said the strategy has helped the company widen revenue streams and consequently customer base. Mobile transfer services MPESA contributed 22.8% to revenue while data services gave 11.9% in the year 2014-2015 financial year ended March.



#### **4.6 Differentiation Strategy**

Differentiation involves achieving competitive advantage by providing unique services or products that provide an added value to consumers. Its aim is to provide products and services that are different from those of competitors. The uniqueness of the provided service or product can be derived from different activities, including product performance, marketing, technology, location and experienced employees. Since most of the mobile telephony industry products are the same and the current regulation of ceiling imposed by the government on interconnection fee discourages firms from lowering further their call charges, then the mobile companies had to look other ways of differentiating themselves to attract and retain customers

On the whether Safaricom Ltd has adopted differentiation strategy, all the interviewees agreed that differentiation strategy was being used by the company most often. They said the company has differentiated itself through product innovation, customer responsiveness, marketing and image management, in responding to the complexity of the environment. Safaricom Kenya Ltd has continuous come up with unique products to satisfy the various levels of customers they serve. M-PESA product for example has yielded more than 50 unique products. Other unique products serve particular segments of customers for example Zidisha products, corporate value packs. Segmented customer service experience also has been created to elevate the brand. Platinum shops and both prepay and Post Pay sections have been set up in their retail outlets.

On whether Safaricom has focused its efforts in providing unique products and services, all interviewees, from findings, indicated that Safaricom Ltd has focused its efforts to provide unique products and services. It has distinguished itself from competitors by providing continuously accessible customer service lines for both prepay and post pay customers with dedicated team of over 1500 call center staff serving on 24 hrs basis along with customer care desks for customers who could not access retail outlets which other competitors. They have also developed a strong brand name in the industry which has seen it become the dominant player offering different products and services which customers can choose from. Some of the differentiated products and services are Roaming services, top-up services, Bonga Loyalty programs, Data messaging, M-pesa, Voice services, Simu ya jamii, Sambaza, Okoa Jahazi and Fixed Data Solutions which comprises of Internet, MPLS, Cloud, Video Conferencing and Tele Presence. In addition it has also invested in state of the art technology to achieve international costs and quality benchmarks. Technology has been put into use in customer management and creation of revenue avenues and entrepreneurial management culture within its strong management and operational teams has been promoted that focuses on creating value in the organization.

Customer Loyalty and attraction has been used successfully by firms as a differentiation strategy. On whether uniqueness of the product or service leads to customer loyalty and attraction, all interviewees affirmed that it does. Safaricom through Mobile Transfer Services in the brand name MPESA has managed to retain and attract more customers .The Bonga Loyalty Program has allowed customers get free items from utilizing the

service which has seen the company hold on to its customer. The unmatched customer experience offered by the customer service staff and self-service options available to customers has been a boost to Safaricom competitive advantage. It has been catapulted by other value added services like Mshwari and KCBM-PESA relations that have allowed customers save funds and get interests.

#### **4.7 Discussion**

Using Ansoff's matrix, business owners can evaluate each of the growth strategies in turn to assess which is likely to result in the best possible return. A firm's mission should be to exploit an existing need in the market, rather than using the consumer as the common thread in business. A customer will frequently have a range of product missions or needs (Ansoff, 1965). Etemad and Richard, (2003) points out that those successful companies know how to sell, where their customers want to buy and focus distribution partner selection around this core tenet. They engage and motivate their high value partners, recognize and address declining relationships, and continually reevaluate all partners' abilities to reach their highest value customer segments. They further clarified that these companies also understand that distribution channels are only as effective as their ability to contribute to top-line growth. They manage their decision making with this understanding at the center of all they do.

Differentiation strategy is a process whereby a firm's portfolio of products and services is designed to bring together its unique resources and capabilities to gain advantage in the market place. According to Porter (1998), the myriad activities that go into creating, producing, selling, and delivering a product or service are the basic units of competitive advantage.

In the study, the level of competition in the Kenyan telecommunication industry has been found to have increased especially in the last ten years. From one dominant player in the 1990s, the number of players has increased to four at present which has meant that the firms have had to come up with new strategies that will give its products competitive edge over the competitors. This position is similar to that posited by Kim et al., (2004) who pointed out that business firms need to consider the overall strategy and provide unique products that will help it capture a particular segment of the market. Safaricom Kenya Limited has had to employ different growth strategies to face off the market competition and grow. These strategies include market segmentation in which it has developed products that meet the needs of various markets such as the youth and clients with low income.

The study did find out the organizational growth strategies as required by the researcher. The findings from the interviewees indicated that by pursuing product development, diversification, differentiation and effective distribution channels, companies not only operate efficiently, but also become an effective price leader, undermining competitors' growth in the industry through its success at price war and undercutting the profitability

of competitors. This is in tandem with Mutisya, (2013) who stated that primary drive for growth in the telecommunications sector is associated with the speed of new technology implementation, which extends the market potential by introducing new services, and developing new capabilities to key players, as well as reducing their costs. Use of cell phones in Kenya continues to grow and this is seen not only through the increase in the number of subscribers and providers, but also in the kinds of services that are provided. It is an ever expanding industry; there is always room for innovation and growth and of course, a plethora of services to cater to the needs of every single customer.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter provides the summary of the findings from chapter four and also it gives the conclusions and recommendations of the study based on the objective of the study. The objective of the study was to establish growth strategies adopted by Safaricom Kenya Ltd.

#### **5.2 Summary of the Study**

Success of a firm is dependent of the strategies formulated and implemented. The study established that the successful organizational growth of Safaricom limited has been dependent on the strategies employed. Although Safaricom has been the dominant market player, competition in the industry could not allow it to hold on to the same strategies .External environment is ever changing. From traditionally core product of targeted voice service to ever falling average revenue per user, Safaricom has employed successfully diversification, new products development, differentiation strategies with effective distribution channels to improve their revenue and profitability.

According to the findings of this study, it was clear that Safaricom Kenya Ltd has ventured into different businesses, came up with different unique product and services and has continuously produced new products and services with a view to increasing their profit margins and meet stakeholders needs. Safaricom has employed diversification in different situations to meet different demands. It has adopted diversification to address

threats from competitors for example data network operators ,mobile transfer services who had started providing voices services to their corporates and offering same mobile transfer services and hence taking revenue away from them. Following this threat Safaricom acquired 100% shareholding of two licensed data network operators namely, One com limited and Data stream limited, to enable them to enter this fixed data network market. It further diversified its M-PESA product to include savings and loans products like Mshwari, and KCB MPESA services in response to Equity banks threat of joining mobile money transfer market.

The sales volume of a particular product or service in any given market is dependent on the penetration to the said market. Higher volumes lead to higher revenue. The converse is true. In order to expand, companies use marketers to utilize market penetration strategies such as distribution networks. Safaricom has managed to use its more than 90,000 MPESA agent's outlets to serve it's over 24 million customers and improve the experience on the products and services. The strategy has been a boost to the demanded service and has seen loyalty and attraction maintained in Safaricom business customer relationship.

It is from this study that Safaricom is seen to have used its well established brand name and marketing muscles to make a grand entry and its market leadership position to the corporate market segment and mobile transfer Services. With the recent transfer of its M-PESA servers in the campaign dubbed 'operation bring MPESA home ' from Germany to Kenya, its share market price went up. This confirms the trust in the product by both

investors and customers .The move showed transactions response rate to be fast and this has won loyalty from the customers. Safaricom has also used its financial muscle to buy Fourth generation (4G) frequency way ahead of its competitors, which has enabled it to control the data services to over 70% stake in the market. The unique product has provided the company with competitive advantage which can be a source of revenue and attraction.

### **5.3 Conclusion**

The study concludes that Safaricom Ltd has successfully grown as an organization through application of both Ansoff growth and Porter's generic strategies which are product development, diversification, and differentiation and distribution networks. Fourth Generation (4G) frequency is a turnaround for internet users as speeds are very fast. Safaricom M-PESA has been a source of revolution in the wider concept of money transfer that the rest of the operators in the mobile telephony industry have had challenges catching up with. Data services both Mobile and fixed have seen Safaricom serve corporates and individuals in their differentiation and diversification strategies that have been successful. New products for example Mshwari, KCB-MPESA, Okoa Jahazi have seen the savings and loan borrowings from banks and airtime respectively go up giving Safaricom both competitive edge and revenue stream.

The study also established that presence of effective and efficient distribution networks are crucial to company's growth. The over 5000 Agency networks and more than 90000 M-PESA agent outlets ensures goods or services are delivered to end users at the right time within their convenience.



Distributors' reach significantly influences the extent to which suppliers can engage with customers and this in the long run can determine a supplier's reach, revenue, and long-term growth potential.

#### **5.4 Recommendations**

Organizational growth is a necessity for most firms to meet the demands of an increasingly complex and dynamic environment. The present day organization's initiatives are more complex than in the past, and involve connecting, networking and integrating strategies. The study therefore wishes to make recommendations which would set pace for further research and also affect policy making and decisions.

The study found out that the industry is regulated by several players which affect the progressive growth of the firms. Mobile Transfer services in the brand of M-PESA being dependent on the industry yet its financial has its own regulator which is Central Bank. Voice services and data are regulated by Competition Authority of Kenya. The firm is left to report to various regulators which may affect their business in the long run. It's the request of the researcher that the players report to one regulator which will lead to harmonization of the decisions and subsequent smooth running of business.

The study will contribute to the existing vast body of knowledge in validating the need of organizational growth strategies adopted in today's environment. It therefore validates the need for organizational learning and consequently the theory of organization learning because specific knowledge can be transferred through licensing; tacit knowledge the

knowledge embedded in an individual can only be transferred by learning alongside the individual and this can only be done when there is growth. The findings of the study have several managerial implications for the industry; first managers are advised to place more emphasis on the four strategies namely new product development, diversification, differentiation and distribution networks and market as these are the best strategies with the greatest consensus in the study. The ability to keep up with the standards in the market is also key because customers expect the same if not better services when transiting from one destination to the next.

### **5.5 Limitation of the Study**

The researcher encountered un-cooperative respondents who do not understand the significance of the research and the researcher explained to them the importance of this study and the way assist their working lives in the organization. The study was carried out for a short time.

Information relating to organizational growth strategies adopted by Safaricom Kenya Ltd is always treated with sensitivity. This caused difficulties in convincing the respondents of the importance of giving sincere answers to the asked questions evidenced through reluctance of accepting invitation to participate in the study. To counter the challenge, the research had to inform the respondents in advance the purpose for the research study being carried out, that it was meant for academic purpose only and not for other investigations.

## **5.6 Suggestions for Further Research**

The study found out that there are other strategies other than Porter's and Ansoff's that can be applied on organizational growth of the firm therefore researcher suggests that research be done on what other strategies contribute growth of firms apart from Porter's and Ansoff's.

The study confined itself to Safaricom Kenya Limited, however the competition in the mobile telecommunication industry has become intense and this therefore necessitates the study to establish the organizational growth strategies used by other mobile telephone companies to survive and grow in the same industry. This will help best understand why other organizations are successful and others not. It will further go a long way in helping the regulatory bodies understand and come up with rationalized decisions so as not to disadvantage any player in the industry.

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## APPENDICES

### APPENDIX I: ALLOCATION FORM



**UNIVERSITY OF NAIROBI**  
 DEPARTMENT OF BUSINESS ADMINISTRATION  
 MBA PROJECT SUPERVISION ALLOCATION FORM

SECTION A: (To be completed by the student) all details are mandatory.

Name of student..... YEGON ROBERT KAPRONO ..... Mobile phone No. 072-28940

Reg. No. DB1/60001/2013 ..... Email address: robcom2@yahoo.com

Proposed Title of the Study.....  
An Investigation into the relationship between Industry Competitiveness and strategies adopted. A survey of Mobile telephony firms in Kenya.

Specialization (Tick as appropriate)

|                             |       |   |   |
|-----------------------------|-------|---|---|
| Marketing                   | ..... | [ | ] |
| Human Resource Management   | ..... | [ | ] |
| Strategic Management        | ..... | [ | ✓ |
| International Business      | ..... | [ | ] |
| Insurance / Risk Management | ..... | [ | ] |
| Other (specify)             | ..... | [ | ] |

Preferred Supervisors (in order of preference):  
 1. Prof. Martin Ogutu ..... 2. Prof. Awaio ..... 3. Dr. Kitiabi

Signature of student..... Date.....

SECTION B: (To be completed by Allocation Committee)

Name of Supervisor Allocated..... Dr. Kitiabi - 0721-960998 ..... Mobile No.....

Name of Co-Supervisor, if any..... Mobile No.....

Total number of students allocated to the supervisor within the year to date.....

Name of person who will Moderate the Proposal..... Prof. Aosa .....

Committee Secretary:  
 Name..... Signature..... Date.....

Thematic Coordinator:  
 Name..... Ogutu ..... Signature..... [Signature] ..... Date 27/4

Chairman of Committee:  
 Name..... Signature..... Date.....

Chairman of Department:  
 Name..... [Signature] ..... Signature..... [Signature] ..... Date 28/4

**Note:**  
 1. This form is available in the department. Students get their copies later from the department after allocation is done.  
 2. The approved copy of this must be attached to the proposal when submitting for moderation and presentation.

Original to be filled in the Department  
 Copy 1 (photocopy) to be filed by Thematic Coordinator  
 Copy 2 (photocopy) to be filed by the Supervisor  
 Copy 3 (photocopy) to be filed by the student

**APPENDIX II: 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... 21/09/2013

**TO WHOM IT MAY CONCERN**

The bearer of this letter... TEGON ROBERT KIPRONO

Registration No... D61/60001/2013

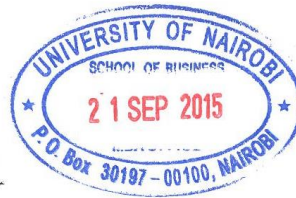
is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

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 III: STUDENT INDEMNITY LETTER



**UNIVERSITY OF NAIROBI**  
OFFICE OF THE DEPUTY VICE-CHANCELLOR  
(ADMINISTRATION AND FINANCE)

Fax: +254-20-2226329  
Email: [dvcaf@uonbi.ac.ke](mailto:dvcaf@uonbi.ac.ke)  
Website: [www.uonbi.ac.ke](http://www.uonbi.ac.ke)

Tel: +254-20-3318262, DL: +254-020-2314299  
P.O. Box 30197 - 00100 - GPO  
Nairobi, Kenya

### STUDENT INDEMNITY

Our Ref: D61/60001/2013

**Safaricom Limited**  
**P. O. Box 66827-00100**  
**NAIROBI**

Dear Sirs,

**INDEMNITY IN RESPECT OF THE RESEARCH TO BE UNDERTAKEN BY YEGON ROBERT KIPRONO AT SAFARICOM LIMITED**

We refer to the above matter.

We write to confirm that Yegon Robert Kiprono Registration Number D61/60001/2013 is a Masters student based at the University of Nairobi in fulfillment of the requirements for Master project, MBA will be focusing on the **ORGANIZATIONAL GROWTH STRATEGIES ADOPTED BY SAFARICOM (K) LIMITED, KENYA.**

Yegon Robert Kiprono has by an email dated 5<sup>th</sup> October 2015 requested to be allowed to undertake his research at Safaricom Limited. We are aware that in the course of his research, he may receive confidential information utilized in the course of Safaricom's business operations.

In this regard, the University of Nairobi hereby agrees to indemnify and hold harmless Safaricom Limited from and against all claims, liabilities, losses, damages, and expenses incurred (including any legal costs or penalties and liabilities awarded or imposed by a court or expenses properly incurred) by Yegon Robert Kiprono pursuant to any breach or non-observance by his obligations or warranties under the Non-Disclosure Agreement which he has executed with Safaricom Limited.

  
\_\_\_\_\_  
DEPUTY VICE-CHANCELLOR (ADMINISTRATION & FINANCE)



ISO  
9001:2008  
CERTIFIED

Quality Management System Excellence in University Education and Training

## **APPENDIX IV: INTERVIEW GUIDE**

This interview Guide is meant to help in collection of information on organizational Growth strategies adopted by Safaricom Kenya Ltd. You are kindly requested to respond to the best of your Knowledge and sincerity. Every information given will be handled with a lot of confidentiality.

### **PART A: RESPONDENTS BACKGROUND INFORMATION**

1. Gender: Male ( ) Female ( )
2. Age: 18-30 years ( ) 30 – 40 Years ( ) 40-50 Years ( ) Any other ( )
3. How long have you been in this organization?  
Less than a year ( ) 1-3 years ( ) 3-5years ( ) Above 5years ( )

### **PART B: ORGANIZATIONAL GROWTH STRATEGIES ADOPTED BY SAFARICOM LTD**

Below are some of the Strategies that organizations have used to achieve Growth.

How has the Safaricom Kenya Ltd Used below Strategies?

#### **A) New product development Strategy.**

4. Adopt new product development as a strategy to achieve Growth?
5. Focused its efforts in providing new product or service in order to achieve Growth?

#### **B) Distribution Network Strategy**

6. Adopt a distribution Network as a strategy for Growth?
7. Created Agency Networks to achieve Growth?
8. How many Agency Networks does your company have?

**C) Diversification strategy**

9. Adopt diversification as a strategy to achieve Growth?
10. If yes as stated above, what types of diversification options do you use?
11. In Your View, Does Diversification leads to Growth of Your Company?

**D) Differentiation strategy**

12. Adopt differentiation as a strategy to achieve Growth?
13. Focused its efforts in providing a unique product or service in order to differentiate itself with other companies?
14. Does the uniqueness of the product or service provide a high customer loyalty and attraction?

**END.**