IMPACT OF GENERIC COMPETITIVE STRATEGIES ON ORGANIZATIONAL PERFORMANCE IN THE TELECOMMUNICATIONS INDUSTRY: A CASE OF SAFARICOM LIMITED

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STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: _____________________ Date: _____________________

Nadia Umuhoza Ayishashe (ID. No: 634571)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ____________________________ Date: _____________________

Prof Peter M Lewa

Signed: _______________________ Date: _____________________

Dean, Chandaria School of Business

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ABSTRACT

The general objective of this study was to examine the impact of generic competitive strategies on organizational performance in the telecommunication industry, a case scenario of Safaricom Kenya Limited. The study specific objectives of the study was to establish how cost leadership strategy affects organization performance, to examine how focus strategy affects organization performance and to analyze how differentiation strategy affects organization performance.

A descriptive research was adopted to collect information from respondents on their perceptions of low cost leadership, focus and differentiation strategies on performance of organization. Correlational was used to describe relationship between the independent variables: low cost leadership, focus and differentiation strategies against dependent variable organization performance. The target population for this study were Safaricom employees at Nairobi Headquarters. The sample size was 125 employees from different departments of Safaricom. Out of the total of 125 questionnaires given only 100 were correctly filled and returned giving a response rate of 80%. SPSS was used to enter, clean and analyze the coded data. Pearson’s Correlation coefficient analysis was used to analyze the relationships between the different variables. Tables were used in presenting the study findings.

The first objective on low cost leadership and organization performance revealed that a majority of respondents stated that economies of scale affected organization performance. Capacity utilization of resources and reduction in operations time and costs were other factors of low cost leadership that affects organization performance. The following factors of low cost leadership were also identified by respondents as to affect firms’ performance: efficiencies in operations hence cost control, mass production and distribution, creating linkages with service providers and suppliers.

The second objective on focus strategy and organization performance showed that majority of the respondents stated that Safaricom practices segmentation based on benefits perceived by the customers, Safaricom practices segmentation based on physiological aspects of the customers, Safaricom practices segmentation based on social class of the customers, Safaricom practices segmentation based on income level of the customers.

The third objective on differentiation and organization performance revealed that majority of the respondents stated that the following differentiation strategies enhance organization performance: differentiation based on product/service, differentiation based on price, differentiation based on place, differentiation based on promotion/ advertising campaign, differentiation based on personnel, differentiation based on image and differentiation based on technological leadership. The study showed a positive significant correlation between organization performance and the strategies in study: low-cost leadership, focus and differentiation.

The study concluded that telecommunication companies in Kenya can adapt low cost leadership strategy to increase performance. The study shows how economies of scale and capacity utilization of resources are important factors that affect performance. It was also pointed out that segmentation based on income level of the customers as also had an influence on performance of the organization. This study concluded that differentiation affect performance at Safaricom through product/service, promotion/ advertising campaign, personnel differentiation.

The study recommended firms in telecommunication to embrace and effectively apply cost leadership. The management should be alert ensuring a proactive approach to gain competitive advantage. As the markets become dynamic and consumers more irregular and fickle, the companies need some form of market segmentation to maximize on profits. Other studies should be done on other strategies and Porters models should be incorporated for more research to explain organization performance.

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My sincere appreciation also goes to my supervisors **Prof. Peter Lewa** and **DR. Peter Kiriri** whose contribution and constructive criticism has pushed me to put in the kind of effort that was needed to make this work as original as it can be.

DEDICATION

This thesis is dedicated to my family; **Papa. Maman, Sonia** and **Thierry**, and all my close friends for your constant prayers, patience and always being my support system through this journey. May the good Lord forever bless you abundantly.

Matthew 7:8

“For everyone who keeps on asking receives, and he who keeps on seeking finds, and to him who keeps on knocking, it will be opened.”

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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Competitive strategies are moves and approaches a firm uses to attract buyers, withstand competitive pressure and improve market position. Companies across industries have their own unique competitive strategies. These strategies adopted help improve and maintain company's performance. From a scheme developed by Grant (2012), long term strategy should derive from a firm's attempt to seek and sustain a competitive advantage based on any generic strategy. These are cost leadership, differentiation and focus strategies (Porter, 1998).

Cost leadership strategy depends on unique capabilities of a firm to achieve and sustain low-cost position within the industry of operation. Differentiation strategy tends to create unique products to satisfy different customers. It appeals to customers who have special sensitivity for a particular product attribute. Focus strategy is a marketing strategy in which an organization concentrates its resources on entering or expanding in a narrow market. It is usually employed where the company knows its segment and has products/services to competitively satisfy its needs (Lumpkin, 2013).

Firms need competitive strategies to enable them overcome competitive challenges they experience in environment of operation. A competitive strategy therefore enables a firm to gain a competitive advantage over its rivals and sustain its success in the market. A firm that does not have appropriate strategies cannot exploit opportunities available in a market and will automatically fail. A company has competitive advantage whenever it has an edge over its rivals in securing and defending against competitive forces (Thompson & Strickland, 2012). The sustainability of a firm's competitive advantage hinges on the substitutability and imitability of its critical assets (Sun & Tse, 2013).

When a firm will do one thing that rival corporations cannot do, or owns one thing that rival firm's need that may represent competitive advantage (Lumpkin, 2011). One of the most fundamental cornerstones of strategic management is development of competitive advantage however the survival of an organization is predicated on sustainability of that advantage. Possessing competitive advantage is a foothold over competitors within that industry creating an increase in market share and eventually profitability levels.

Firms must choose which competitive advantage provides the basis for distinguishing the firm in the customer's mind from other reasonable alternatives. Businesses with a dominant product or service line must also choose among alternate grand strategies to guide the firm's activities, particularly when they are trying to decide about broadening the scope of the firm's activities beyond its core business (Pearce & Robinson, 2007).

Competitive advantage is sustainable when it persists despite efforts by competitors or potential entrants to duplicate or neutralize it (Barney, 1991). For this to occur there must be persistent asymmetries among the firms. Firms must possess different resources and capabilities and it must be difficult for underperforming firms to obtain the resources and capabilities of the performers. If all firms in a market have the same stocks of resources and capabilities, no strategy for value creation is available to one firm that would not also be available to all other firms in the market. Any other firm could immediately replicate a strategy that confers advantage. To be sustainable, competitive advantage must be underpinned by resources and capabilities that are scarce and imperfectly mobile. Scarcity and immobility of critical resources and capabilities are necessary for competitive advantage to be sustainable but they are not sufficient. Isolation mechanisms therefore need to be used to limit the extent of duplication or neutralization (Besanko, Dranove & Schaefer, 2014).

Businesses traditionally strive to achieve market leadership in their respective industries thanks to strategy and management gurus who vote in favor of such tactics (Barat, 2008). This market leadership is however short lived if an organization cannot establish an edge over other players in the industry over a considerable amount of time. The massive investment in resources to produce advantage that is only short term is not viable for a business that aims at long term survival and growth. All business organizations are faced by turbulent environment with various elements at play both in the micro and macro environments within which the firm exists. The levels of turbulence however different, pose various challenges that organizations have to encounter amidst other competitors coupled with the need to remain strategically different which translates to being competitive (Besanko, Dranove & Schaefer, 2014).

Telephone, wireless and cable companies are riding lightning bolt of technological convergence into a new era of robust growth in the global market for voice and data services. This remarkable growth in telecommunications means an increase in market share and to gain this market share, a Telecommunication organization that aims to remain in business must stand out among others as the ultimate provider of choice by the consumers. Switching patterns provide an important indicator that the demand-side of a market is well-developed and that consumers are sufficiently empowered to participate actively. The motivation to switch is generally a function of consumers' estimate of the performance of their existing supplier; and whether or not they believe there are better alternatives available from other suppliers on the aspects of service that matter to them. If the market is perceived to be undifferentiated and/or if their current supplier is perceived to be the best on the market on the criteria that are important, there is no expected benefit from switching (Xavier & Ypsilanti, 2013). The rate of switching from a telecom provider can therefore be likened to its competitiveness relative to its competitors. A provider experiencing high rate of switching by subscribers means that it's losing its competitive edge to the competitor.

Rapid development of internet and information technology has pushed telecommunication organizations into the era of new competitive business environment (Chong, Chong & Wong, 2014). In the 21st Century of information, telecommunication companies must effectively master information to remain competitive in an increasingly global market; tremendous business opportunities have been created because of liberalization of global communications (Hsu & Su, 2012). One of the main determiners of competitive advantage is the alignment among the strategy, structure and culture within the organization, which shapes intra-firm competitiveness and enhances the firm's ability to position itself relative to market opportunities (Eunni, Post & Berger, 2005).

Safaricom Limited is a local mobile telecommunications company in Kenya. It started has a partnership between Telkom Kenya and Vodafone, UK. The government used to be the largest shareholder through Telkom owning 60 percent shares but was reduced by the Initial Public Offer and listing of Safaricom shares in the Nairobi Stock exchange in 2008. Currently Vodafone holds majority shares of 40 percent. Safaricom is currently the market leader with 67% market share and an approximately 15.5 million active subscribers; it also leads in revenue base across all industries in Kenya and is the most profitable company in Eastern Africa (Safaricom, 2016). Safaricom has retained a market leadership position with the most subscribers despite being relatively expensive compared to its competitors. Among the core competencies that have created its competitive edge include M-PESA, widespread network coverage and its high speed data technology. The company is the subject of the study as it has sustained competitive advantage over the ten years of operations and this research will seek to determine what is present in Safaricom that distinguishes it from other Telecom providers (Safaricom, 2016).

All industries are built on fundamental assumptions. As long as these assumptions hold the players can continue business as usual. When the assumptions become obsolete, the result is a period of change and chaos until a new order can be established (Djavanshir & Khorramshaghol, 2012). The main assumption in the telecommunication industry is that the pursuit of a low-cost strategy is effective in gaining subscribers but this does not solely guarantee growth and increase in market share. This is why Safaricom remains a market leader despite offering high rates for its tariffs. Firms that compete on overall cost are vulnerable to price increases in the factors of production; since they are competing on costs, they are less able to pass on price increases because customers can easily take their business to competitors who have lower prices (Lumpkin, 2013).

1.2 Problem Statement

In the telecommunication industry in Kenya, many organizations have developed competitive advantage that was only short lived due to the quick imitation by fellow competitors. The recent reduction and harmonization of tariffs and introduction of number portability has challenged subscriber retention by any network. Safaricom has been the market leader with the largest market share of approximately 67 percent and the latest developments will undermine its capacity to maintain this advantage (Sun & Tse, 2013).

Developing sustained competitive advantage will therefore be a major problem since the key differentiation of pricing has been leveled. Studies based on competitive strategies have been done in different industries across Kenya. For instance, Gathoga (2014), focused on competitive strategies in the banking sector. The study revealed commercial banks use combination of techniques to remain competitive such as expansion into geographical regions through new branches. Another approach of Porters generic model was studied in the real estate sector and showed adoption of different competitive strategies that suite particular organizations (Karanja, 2014).

Organizational performance in today‟s business world is a major focus for many organization, both profit and nonprofit. Performance should be broader based to include effectiveness, efficiency, economy, quality, consistency behavior and normative measures.

Managers work hard and come up with smart strategies such as corporate branding strategies to ensure their organization perform and achieve the desired company targets and objectives (Sihachi, 2015).

Despite research done in different industries, telecommunication has been neglected especially on strategies applied in that industry. Hence, to determine the effect of competitive strategies on telecommunication companies in Kenya, a study would be important in that field. This study has been motivated by the need to help fill this gap in knowledge. The study therefore sought to establish the impact of generic competitive strategies on organizational performance in the telecommunication industry using Safaricom Limited.

1.3 General Objective

The general objective of this study was to examine the impact of generic competitive strategies on organizational performance in the telecommunication industry.

1.4 Specific Objectives

1.4.1 To establish how low cost leadership strategy affects performance at Safaricom

1.4.2 To examine how focus strategy affects performance at Safaricom

1.4.3 To analyze how differentiation strategy affects performance at Safaricom.

1.5 Significance of the Study

The study aims to determine how the generic competitive strategies have impacted on the organizational performance of Safaricom Limited in Kenya. The following groups will benefit from this information.

1.5.1 Telecommunication Organizations

The research seek to create awareness on the available effective strategies for creating overall sustained competitive advantage rather than short term that is easily outgrown by competitors. The management will be in a better position to make evidence based decisions. The team will see which mix of strategies brings out the best organization performance.

1.5.2 Researchers

The research will contribute to the body of knowledge in the field and open new avenues for further research and problem solutions with regards to how generic competitive strategies have an impact on organizational performance. The research team can also build on this study to create wealth of knowledge based on limitations faced by this study.

1.5.3 Telecommunication Industry

The findings of this research will be indispensable to any potential players wishing to enter the telecommunication industry and in addition the present players in the industry as it will give information on the most proficient method to stay competitive across a time horizon.

1.6 Scope of the Study

This research was restricted to Safaricom Limited employees. The study was limited to employees that are currently based at Nairobi Headquarters. The physical disproportion of other branches across the country could not allow timely and adequate study of all employees. The data collection was carried out in May and July 2017 and is limited to the events and issues as at the period of study.

1.7 Definition of Terms

1.7.1 Telecommunications

Transmission of data, or information, over a distance (Carr and Snyder, 1997).

1.7.2 Competitive advantage

Competitive advantage is an advantage over competitors gained by offering consumers greater value either by means of lower prices or by providing benefits and services that justify higher prices (Thompson et al, 2007).

1.7.3 Competitive strategy

The three generic business strategies suggested by Michael Porter that could be adopted in order to gain competitive advantage. The four strategies relate to the extent to which the scope of businesses" activities are narrow versus broad and the extent to which a business seeks to differentiate its products.

1.7.4 Cost leadership

This strategy focuses on gaining competitive advantage by having the lowest cost in the industry (Porter, 1998). In order to achieve a low-cost advantage, an organization must have a low-cost leadership strategy, low-cost operations, and a workforce committed to the low-cost strategy (Malburg, 2010).

1.7.5 Differentiation

Clark (2007) defines a differentiation strategy as one in which a product is different from that of one or more competitors in a way that is valued by the customers or in some way affects customer's choice. A successful differentiation strategy allows firm to earn above the average returns.

1.7.6 Focus strategy

In this strategy the firm concentrates on a select few target markets (Porter, 1998). It is also called a focus strategy or niche strategy. It is hoped that by focusing your marketing efforts on one or two narrow market segments and tailoring your marketing mix to these specialized markets, you can better meet the needs of that target market.

1.8 Chapter Summary

This chapter has displayed a general introduction to the foundation of the study by building up the aspect of competitive advantage in organizations. The problem statement has been established as being the lack of development of sustainable advantage by telecommunication organizations and the purpose of the study is to establish the factors that contribute to sustainable advantage in telecommunication organizations. The research not only aims at benefitting the telecommunication industry but also the telecommunications organizations as well as researchers. It will be limited to employees of Safaricom limited located in Nairobi and the year of 2017 which is the period when the research was conducted.

The next chapter provides the literature review of the study in relation to the research objectives as perceived by other scholars who have researched in similar area of study. The third chapter will cover the research methodology followed by chapter four which will entail the research results and finding. Chapter five which will give summary and discussion of the findings as well as the conclusion and recommendations.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents the theoretical views and perceptions of scholars in relation to the three specific objectives: To establish low cost leadership strategy affects organizational performance; to examine focus strategy affects organizational performance and analyze how differentiation strategy affects organizational performance. The chapter was divided according to above objectives. The last section provides chapter summary.

2.2 Low Cost Leadership and Organization Performance

2.2.1 Infrastructure Investment

Cost leadership is based on lowering overall costs of production than competitors. An organization uses low cost strategy to underprice rivals and competition in the market thus gaining market share and increase in profit margins. This technique centers on increasing upper hand by having the most reduced expense in the business (Cross, 2009). This requires an organization to: be better than rivals on efficiency and cost control and continuously seek creative and innovative ways of cutting costs. Successful low-cost producers achieve cost advantages by exhaustively pursuing cost savings throughout the value chain (Brooks, 2010). In cost leadership, economies of scale play a key role to create goods and services at low cost in comparison with competitors. In order to realize a reduction in expenses during production, organizations concentrate on efficiency in value chain to effectively control costs incurred and identify activities of potential cost reduction (Brooks, 2010).

According to Porter (1985), it is indispensable to assess and exploit opportunities of cost advantage. Low cost producers rely on economies of scale which focus on standardized products. In the event that a firm can accomplish and manage cost leadership, at that point it will be above its competitors in the industry. The organization will determine the prices in that market. Safaricom is keen to monetize its well laid infrastructure in the country and product portfolio to improve services through capitalizing on existing and new business models. They provide a standardized network system across the country trying to maintain clear voice overs amid sending and receiving short messages. In Kenya, the telecommunication industry has seen fluctuation of call rates because of network systems and infrastructures put in place to serve multitudes. At some point Airtel was leading in determining call rates but was surpassed by Safaricom due to better network system.

Safaricom uses effective strategies that are specific to geographic location of customers. This efficiency are rooted in different economies of production and distribution process. The management can also focus on cost control, productivity of employee and economical use of resources and infrastructure in place. Cost Leadership requires search for dynamic ways of cost reduction, aggressive construction of efficient- scale facilities, stringent control measures on costs and overheads, avoidance of marginal customer accounts and cost reduction in areas like research, service, sales force and advertising. Cost Leadership is the result of some extra efficiency in the cost structure in comparison to competitors; it is about being the lowest cost producer in the industry (Porter, 1980).

2.2.2 Maintaining Low Cost Leadership

Cost leadership emphasizes on efficiency of machinery and facilities, use of past knowledge in production and cost reduction in advertisement as well as research and development. A firm's cost position gives it a protection against competition since its lower costs imply that it can gain returns after its rivals have contended away their benefits. A low-cost position defends the firm against powerful buyers who exert power to drive down prices to a level that is more beneficial to them (Porter, 1998). It also provides a defense against powerful suppliers by providing more flexibility to cope with input cost increases. With a cost-based structure a firm can improve its competitive stance by lowering its production and marketing costs. A lower cost structure can improve profitability and market share (Koo, Koh & Nam, 2014). Business strategy based on cost leadership must be associated with capabilities focused on cost reduction to be effective. Capabilities stand out as internal contingencies that link business strategy with performance (Benito & Gonzalez, 2014).

According to Smith (2012), most businesses cannot exist by being the lowest-cost providers; still too many companies allow price to be their only differentiator. All those companies racing to the bottom are ignoring the vital fact that price isn’t everything, when you compete on price, you’re accepting commodity status. A company concentrating on price therefore becomes a commodity supplier rather than a marketer and if it does not enjoy vast economies of scale, it will be whistling through to the graveyard. There are other ways to help your customers cut costs that have nothing to do with lowering prices. If your products and services are more reliable, you can save customers costly down time. This generic strategy calls for being the low-cost producer in an industry for a given level of quality. The firm sells its services and products either at average industry prices to earn a profit higher than that of rivals, or below the average industry prices to gain market share. In the event of a price war, the organization can maintain some profitability while the competitor suffers losses. Even without a price war, as the industry matures and prices decline, the firms that can produce cheaply will remain profitable for a longer period of time. The cost leadership strategy usually targets a broad market (David, 2014).

Telecommunication industry is a price sensitive market. Cost Leadership is the strategic imperative in this industry for successful businesses. Safaricom and Airtel have to critically understand their costs and cost drivers for a successful implementation of cost leadership. They also need to fully understand their targeted customer group, definition of quality, usually denoted in terms of specifications, contractual requirements, delivery and services at the lowest possible cost. Of particular importance will be for the business to attain a cost level that is low relative to its competitors (Pidun *et al.,* 2012).

Muasa (2014) study sought to examine the effects of cost leadership strategy and sustainable competitive advantage of Naivas supermarket in Kenya. The study was carried out through a case study design of Naivas Supermarket where primary data was collected using an interview guide and secondary data obtained from the company website, Industry periodicals and company publications. The study found that Naivas supermarket had to a large extend applied the cost leadership strategy on its operations by defining its low and middle income market niche, but more needs to be done to enhance the efficiency of the cost leadership business model.

Muasa (2014) study further established that the retail chain business environment is moderately changing and is characterized by dominant privately owned firms which inform the kind of competitive strategies adopted. It was found that for cost leadership strategy to be effective, high investment in technology, customer focus, selling a wide range of products, improving employee morale, effective management and good relations with suppliers were all key success factors in actualizing the strategy to ensure a sustainable competitive advantage. The study also established as critical for senior managers to undergo occasional training and scenario exposures to be up to speed with dynamic industry environmental factors.

Hilman, Mohamed, Othman and Uli (2009) stated that to gain cost leadership advantage organization should pursue forward, backward and horizontal integration strategies. Organizations that implement cost leadership strategy employs several activities like accurate demand forecasting, high capacity utilization, economies of scale, technology advancement, outsourcing and learning/experience curve (Bordean *et al.,* 2010). Cost leadership strategy emphasises that firms can gain competitive advantage by achieving low cost within the industry (Hilman, 2009; Allens & Helms, 2006).

Cost leadership strategy is effective in hospitality industry, if the hotel has distinctive competency in the management of materials and production process. Lo (2012) stated that hotels could successfully pursue a cost leadership strategy through efficient, cost saving in hotel designs and operational activities. Organizations can follow cost leadership strategy, when the customers don't give much importance for brand, price sensitivity and buyers have significant bargaining power (Hilman *et al.,* 2009). Porter (1980) explained that cost leadership may lead to process innovation to a certain extent. In line, Frohwein and Hansjurgens (2005) suggested that to gain cost leadership advantage the organization should emphasize on cost minimization and involve with process innovation activities.

In the telecommunication industry, Thairu (2015) study sought to establish the competitive strategies that Telkom Kenya (Orange) is adopting to gain competitive advantage and increase its profits in the long run. Case study research design was used where primary data was collected from the firm's top management while secondary data was collected from published reports and other documents including company periodicals, economic survey reports and statistical abstracts. The data collected was qualitative in nature hence content analysis was used by examining the key words, phrases, sentences and themes that matched the objective of the study. From the findings, the competitive strategies adopted by Telkom Kenya (Orange) are; cost Leadership, best cost provider and focused differentiated strategy. Cost leadership strategy has been achieved by leveraging on existing infrastructure, infrastructure sharing, tight control of cost and overheads, improving efficiency in operations, reduction of input costs, tight control of labor costs, use of information systems and lowering distribution costs.

2.2.3 Efficiency of Low Cost Leadership

Lestor (2013) argues that the main dimension of the cost leadership strategy is efficiency. The input needed in production for every unit of output should be low. Efficiency has two aspects of approach, either cost or asset parsimony. Cost efficiency measures to what degree costs per unit output is low while asset parsimony measures what degree of assets per unit output are low. Both cost efficiency and asset parsimony shows a firms' cost leadership orientation. Porter (1998), says an organization using efficiency strategy performs better by deploying less operating costs and assets needed to achieve desired sales. These organizations will put much emphasis in asset usage, productivity of employees and discretionary overhead. Their customers buy their services and products primarily because they are priced below their competitors 'equivalent services and products, an advantage achieved through minimizing costs and assets per unit of output (Lestor, 2013). The cost leadership strategy based on operational efficiency is susceptible to imitation by competitors and peers hence the existing comparative cost advantages would dissipate with time.

It is therefore clear that the telecommunication companies are maximizing on capacity utilization and observing economies of scale. They are also forming linkages with service providers, suppliers and other supplementary institutions. The telecom companies enter into long term partnership with their agencies and use many suppliers to hedge on cost exploitation (David, 2013). A study shows cost leadership strategy gives higher return on equity through production efficiency and innovation (Marques *et al*., 2015). Similarly, Silva et al., (2013) applied Porter's typology in 43 firms in the Portuguese manufacturing industry proving the effectiveness of differentiation as a preferred strategic orientation.

Shah *et al*., (2012) in a more extended study in Japan, German and US found that Japanese firms apply low cost and performed better than US and German companies that apply a 'stuck in the middle' strategy. The organization should stop any activities that don't have cost advantage and source for suppliers with a cost advantage (Malburg, 2012). Another way to put it is that, when low cost leadership strategies are effectively implemented and understood by potential entrants, this becomes an effective barrier to entry that governs industry rivalry. Low-cost ventures also have the benefit of being able to maintain price increases passed on by their suppliers. Low-cost firms can easily cushion themselves from prices of elements used during their production process by operating at more cost-efficient levels (Porter, 1998).

In Russia Mikhail, Marina, Denis and Vladimir (2017) undertook an analysis of telecommunications companies strategies at various phases of the market development.

The study findings revealed that leadership retention, acquisition competitors' market share, market niche strategy. At the same time, the number of basic business strategies includes minimization of costs, differentiation, and focusing. In a down economy, differentiation strategy showed good sustainability. The "cost leadership" strategy although allowed to increase revenues, had a negative impact on the company's profitability. Within the framework of the general development strategies of the telecommunications industry, functional strategies are also formed. Among the basic functional strategies are: innovative, investment and financial.

2.3 Focus Strategy and Organization Performance

2.3.1 Market segmentation

In this strategy the firm can choose to concentrate on a select customer group, product range, segment of a market, geographical areas or service lines. There are markets which have been overlooked by large firms and capturing this niche can adopt a narrow competitive scope in that industry. Focus strategy depends on large markets that have great potential in terms of development yet small enough not to attract real competitors who find it indispensable (Akan, Allen, Helms & Sprawls III, 2006). This strategy helps a firm to serve efficiently and effectively a certain group of people, unlike competitors who are competing more broadly. Hence, an organization attains either differentiation or low-cost leadership in serving that particular niche satisfying their needs and expectations (Porter, 1998). The focusers basis for competitive advantage is either lower costs than competitors serving that market segment or an ability to offer niche members something different from competitors. Focusing is based on selecting a market niche where buyers have distinctive preferences. The niche is defined by geographical uniqueness, specialized requirements in using the services based on a certain physiological aspect or by special attributes that appeal to members of a certain social class (Stone, 2013).

A focus strategy based on low cost depends on there being a buyer segment whose needs are less costly to satisfy than the rest of the market based on their income levels. On the other hand, a focus strategy based on differentiation depends on there being a buyer segment that demands unique services and products attributes (Porter, 1998). Safaricom has a well elaborate strategy to target specific market segments in Kenya. It has quite a diverse customer base which the organization offer different services and products. Stone

(2013) acknowledges telecommunication firms should segment its broad clientele geographical, services and products needs to satisfy them.

Focus adopts a narrow competitive edge within a particular industry. An organization will grow its market share by offering unique products and services to an identified gap in the industry (Porter, 1998). Such gaps in the market may be overlooked by industry players case in point Mpesa services offered by Safaricom which is technically a mobile banking service. The following factors help management to identify unsaturated markets in terms geographical area, buyer traits in relation to services and products specifications or requirements. Market penetration and development are important facets in focus strategy (Porter, 1998).

In Uganda Kasadha (2014) study sought to investigate how market segmentation can improve on customer service at orange telecom Uganda. The study sought to examine the bases of market segmentation at orange telecom, to examine the measurements of customer service at orange telecom and to examine the effect of market segmentation on customer service. It was found out that Orange telecom has segmented its market according to population, age groups, gender, time, level of use, attitude though some respondents disagreed with the assertion that orange telecom segments its customers according to their level income and earnings. Study findings further indicate that Orange telecom has the ability to provide the promised service dependably and accurately, has willingness to help customers and provide prompt service and that most of its customer care service staff are fully trained in the area of providing world class customer care service. Study findings indicated that there is a strong positive relationship between market segmentation and customer service.

Mwiti (2011) sought to identify market penetration strategies by Essar Telecom Kenya Limited. The study adopted a case study design which is the most appropriate in the investigation of the market penetration strategies by Essar Telecom Kenya Limited. The researcher used both primary and secondary data. Primary data was collected using interview guide with open ended questions. The respondents for this study included the managers of the company in charge of corporate strategy, human resources, regulatory, business development, and sales and marketing departments. Being a case study, conceptual content analysis was the most useful method of analyzing the data. The study found that the company has engaged in both pull and push strategy as a form of promotional strategy. The study further found that the company adopts market segmentation as one of the strategies in order to expand its market share. The study concluded that the company has been able to keep pace with the rivalry in the telecommunication industry by adopting various market penetration strategies for its products.

2.3.2 Advantage of Focus Strategy

Safaricom has captured different markets through their massive infrastructure or various product range and services. According to Porter (2011), a firm can be strategic in using cost leadership or differentiation strategies to create a niche and dominate in those markets. In the long run, a firm will automatically pull resources to specialize in that business hence gaining competitive advantage. Safaricom has airtime for various customer group: airtime scratch cards have a minimum of Kshs. 5 to a maximum of Kshs. 5,000. This is a strategy to focus on individuals' income to enable customers enjoy services regardless of income bracket. Darrow et al., (2001) advices organizations to define customer groups, suitable product or service for customers and also consider geographical areas. Focus strategies improves firms' performance especially when clients are of different taste and preference and rivals are slow in penetrating that niche (David, 2014).

There is an implication of focus strategy since resources have to be channeled to appease customers. Customers' tastes and preference change overtime hence can cause financial distress to firms in this generation (Lynch, 2011). The generation X are of current trends which has created niches for telecommunication firms especially in social media affairs. Safaricom has responded to this generation by coming up with different packages to soothe young generation. Blaze a current product of Safaricom has been introduced to entice customers. This product was not in existent 2-3 years ago. Focus strategy might be strenuous to firms with little finances. According to recent scholars, the success in any of these strategies is achieved through having effective and clear objectives.

Some scholars argue that some firms cannot succeed by only employing a single strategy and that the success currently experienced is due to effective application of multiple strategies notably low cost in addition to differentiated services or products. It is worth noting that Porter (1980) has been criticized in relation to the dynamics of the generic strategy framework. The ability to improve performance and reduce costs is one of the key competencies for ventures. Control and analyzing of costs are no longer simply concerned with monitoring departmental budgets, but involves putting in place a cost structure and strategy after severe analysis has been conducted that will benefit the business by optimizing the processes, which will add value to the products and services.

Jama (2018) examined effect of competitive strategies on organizational performance of telecommunication companies in Mogadishu, Somalia. More specifically the study investigated the effects of cost leadership, differentiation, market focus strategies and strategic alliances on organizational performance of telecommunication companies in Mogadishu, Somalia. Data was collected from a sample of 184 respondents using stratified sampling method. A structured questionnaire was used as a research instrument. Both descriptive and inferential statistics was used to analyze data with the help of software called Statistical Package for Social Sciences (SPSS) version 20.0. Results confirmed the varying importance of the competitive strategies on organizational performance in telecommunication industry in Mogadishu Somalia. In general, the results revealed that all cost leadership strategy and differentiation strategy have significant and positive effects on dependent variable. While focus strategy and strategic alliances had an insignificant effect on organizational performance in the mobile telecommunication companies in Mogadishu Somalia.

Gathinji (2014) examined the relationship between competitive strategies and organizational performance among firms in the mobile telecommunications industry in Kenya. The study identified the competitive strategies adopted by firms in the mobile telecommunication industry in Kenya, assessed the different levels of implementation of competitive strategies within the firms and lastly examined the relationship between competitive strategies and their performance. The study revealed that in the telecommunication industry competition is high and product differentiation and low cost leadership are the most commonly used strategies. Other strategies include strategic alliance strategies and specific market focus strategies. The study concluded that the strategies adopted improved the overall organization performance and some of the key performance indicators that were influenced are: Sales and market share, customer retention, profitability and product developmentlinnovation. The study recommends that organizations should adopt strategies that allow them to achieve competitive advantage over others. Organizations that chose to adopt cost leadership strategy should focus on gaining competitive advantage by having the lowest cost in the industry. In order to achieve a low-cost advantage, an organization must have a low-cost leadership strategy, low-cost manufacturing, and a workforce committed to the low-cost strategy. Also the study recommends that when using product differentiation strategy, a company should focus its efforts on providing a unique product or service to enhance customer loyalty.

Kamau (2015) study sought to determine the competitive strategies adopted to drive performance by firms in the telecommunication industry in Kenya. The data was collected from the nine firms in Kenya namely Safaricom Ltd, Airtel Kenya, Telkom Kenya, Jamii Telkom, Access Kenya, Liquid Telkom, Internet Solution, MTN Business and Wananchi Group. The respondents were one top manager from each of the firms using non-probability sampling technique. Data was collected using questionnaires and analyzed through descriptive statistics on quantitative data and content analysis on qualitative data. The study established the root of competition and how strategies like cost leadership; differentiation strategy and focus strategy are used to gain competitive advantage. The study concluded that the firms in the telecommunication sector adopt various strategies including: differentiation, cost leadership and focus so as to acquire and maintain sustainable competitive advantage. The study further concludes that the cost strategy was visible in the organizations and they kept on changing this strategy when it was no longer successful. The organizations need to continue innovating products which would compete with other companies' products and at the same time they should do aggressive marketing in order to change the perception of customers regarding the pricing of their products.

2.3.3 Focus and Organization Performance

Grimm (2010), identifies a weakness in Porter's framework which tends to overlook competitive advantage as a sustainability tool for firms in turbulent environment. It's vital for companies to do thorough research and always be proactive in the industry. This will enable firms have strategic intent and constantly re-strategize. Some scholars have argued long term performance in organizations cannot be only relied on Porter's framework. Abidin et al., (2012) suggest that focus strategy can be a hindrance to firms that want to internationalize. Waiganjo (2013) looked at the effect of competitive strategies on the relationship between strategic human resource management and firm performance of Kenya's corporate organizations. The study revealed that business performance will improve when HR practices mutually reinforce the choice of competitive strategy. The study further revealed that organizations that coordinate their business strategy and HRM practices achieve better performance. Karanja (2002) shows that different firms in various industries adopt different competitive strategies that are in line with their objectives.

In petroleum industry, service stations gain competitive advantage through differentiation hence performance of company (Murage, 2012) while advertising firms in Kenya, adopt discounts, competitive pricing and quality service provision as competitive edge according to Thathi (2008). Murimiri (2013) in his study found that Commercial Banks in Kenya pursued cost reduction, outstanding customer service and operational efficiency with respect to performance indicators of revenue growth, asset growth and market share. Maluku (2014) in his study on competitive strategies on performance of dairy firms in Kenya found that focus strategy was most preferred by dairy firms in Kenya compared to cost leadership and differentiation strategies.

Mary (2014), in her study assessment of the relationship between generic strategies and competitive advantage among organizations in the tourism industry in Kenya also found that compared to other generic strategies, focus strategy was a factor that had most significant effect on company's competitive advantage. Gitonga (2013) in his study application of Porters generic strategies framework in hospitality establishments in Nairobi, found that cost leadership was applied by hospitality establishments to cope with competition.

2.4 Differentiation and Organization Performance

2.4.1 Products and Services Differentiation

According to Porter (1985), consumers value some dimensions which firms using differentiation strategy seek to be unique in industry of operation. Nearly all Safaricom products and services are differentiated, from call rates to Data bundles, Mpesa services, Mkopa, Mshwauri etc have unique attributes that various customers find valuable to their wants and needs. Most customers appreciate the delivery system of Safaricom in getting a certain service or product. Most often than not, it's all within a touch of a button nevertheless some complex transactions need bureaucracy to protect both customer and firm. Safaricom has been able to achieve and sustain its differentiated products and services gaining them premium prices hence better performance of company. Differentiation allows firms to charge more for that additional valuable attribute to customer (Allen & Helms, 2012).

The differentiated attribute has a value attached that customers are willing to pay a premium price. A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competition. Firms that succeed in a differentiation strategy often have access to leading scientific research, highly skilled and creative product development team, strong sales team with the ability to successfully communicate the perceived strengths of the product and corporate reputation for quality and innovation (Oliver, 2010). Products are differentiated in numerous means and ways to satisfy customers. Some products and services have unusual features while others have various responsive customer service. Amidst technological era, rapid product innovations and technological leadership are means and ways of customer satisfaction. These various ways make product and services perceived prestigious with different status quo coupled with engineering design and performance as approaches of differentiation (Porter, 1985).

Qayyum (2017) studied the differentiation strategies of mobile telecom operators and the impact of factors influencing the process of differentiation of the mobile telecom service firms operating in Pakistan. The analysis model of this research was developed based on the determinants of product differentiation, relating to the tools that managers at mobile telecom service companies employ to execute differentiation strategies, and the factors influencing them. The empirical part of this study was conducted in January 2017. The multiple case study approach was adopted as a study method, and four case studies of the mobile telecom service companies operating in Pakistan were compared through cross-case analysis. Qayyum (2017) findings from the four case studies revealed that all the mobile operators opt for the differentiation strategies based on the determinants. It was evident from the study of all the case companies that regulations affect the industry profits, increase the cost of upgrading the networks and infrastructures, causing a delay in the adoption of innovation, thereby influencing the differentiation strategy. The second factor influencing the differentiation process included competitive imitation, which caused convergence of strategies resulting in undifferentiated services even though operators tried to differentiate their services. The competitive imitation becomes easier due to the oligopoly structure of the mobile telecom industry.

2.4.2 Brand Differentiation by Companies

Differentiation strategy is a marketing technique used by telecom companies to establish strong identity in the market. This strategy enables telecommunication companies offer a range of products and services. A firm can pose a brand to differentiate it from competition and establish a unique image. Differentiation offers unique sentiments to customers who value that particular feature; quality, innovation or good service (David, 2014). Organizations always aim to create and market unique products and services across the market targeting different segments. Usually employed where an organization has clear competitive advantages to sustain advertisement expenses. Organizations can adopt differentiation as a marketing strategy. Some key highlights to consider in managing differentiation strategy: strong research and development, products and services engineering, creativity, cooperation with distribution channels, marketing skills and incentives based on subjective measures, to communicate importance of differentiating products and services characteristics.

A differentiation strategy calls for development of products or services that offer unique attributes valued by customers and perceive to be different from products and services of rivals. The value added by the uniqueness of the services and products may allow the organization to charge a premium price. The firm hopes that the higher price will more than cover the extra costs incurred in offering the unique services and products. Because of the services and products' unique attributes, if suppliers increase their prices the organization may be able to pass along the costs to its customers who cannot find substitute services and products easily (Porter, 1998).

Differentiation develops brand loyalty that acts as an insulator against competition from rivals. This results to customers who are less price sensitive hence increase in profit margins avoiding low cost position in the market. The customer loyalty creates a barrier to entry of that segment making it harder for competitor overcome that uniqueness. The strategy yields higher margins to deal with supplier power and mitigates buyer power who lack alternatives hence less price sensitive (Porter, 1998).

Shihachi (2012) investigated corporate branding strategy and performance of Safaricom Limited. This research used a case study design. Primary data was collected from the company (Safaricom ltd) by use of interview guide in order to determine how corporate branding strategy has influenced performance of Safaricom ltd. The data was collected from two senior managers in each of the following departments: retail department, sales and marketing department and customer care department. Shihachi (2012) study found that corporate branding strategy help in improving organization performance through creating the company and product awareness, it helps in pushing up sales, performance, enhancing customer satisfaction and that corporate branding strategy seeks to create unique identity and position for its product and services and ensures that both product and organization create value beyond that of their competitors. Employee involvement in corporate branding strategy helps in successful implementation of the corporate branding strategy through ensuring responsibility in the implementation thus improving the adaptability and effectiveness.

2.4.3 Process Innovation

Smith (2012) claims that to remain competitive, a firm has to become more conscious about why they are in business and product uniqueness. Majority of successful businesses find their competitive advantage through differentiating products and services to clients. Without competitive advantage, price becomes the only differentiator. A customer has to feel that extra benefit rather than mere cost or else switching to alternative service providers or competitor. This can easily erode profit margins implicating on firms' performance. Businesses that thrive offer the customer something more important than the lowest possible price. Customers will pay more for convenience, higher quality and trendier products, expert advice and personal service as well as their own image. Strength is not a competitive advantage a company needs strengths to be in business but they are not differentiators (Smith, 2012).

A firm using differentiation strategy needs to compliment cost reduction with investing and developing features that relate to customers. Cost reduction alone might be overruled by competition. The essential success factor for survival in industry, is continuous innovation of products and services, creativity and organizational learning. Hyatt (2012) insists that anything that an organization can do to create buyer value represents a potential basis for differentiation. Once it finds a good source of buyer value, it must build the value, creating attributes into its services and products at an acceptable cost. These attributes may raise the services and products' performance or make it more economical to use.

Differentiation possibilities can grow out of possibilities performed anywhere in value chain (Hyatt, 2012). Information technology is permitting the value chain at every point, transforming the way value activities are performed and the nature of the linkages among them. Technological information is expanding faster than entrepreneurs can explore the opportunities. Information technology is generating more data as a business performs its activities and permitting it to collect or capture information that was not available before.

In Nigeria, Ogbo, Okechukwu and Ukpere (2012) sought to ascertain how innovative the operators in the industry are which in turn determines how competitive the industry is. Data was collected from available literature on the telecommunications industry. The study proved that there are innovative activities being carried out by the various operators but there is still a lot of room for improvement. The study found out that government and regulatory authorities need to do more in the area of infrastructural development and policy formulation to ensure a level playing field for both the old and new entrants. The study recommended that all stakeholders in the telecommunications industry, especially the regulator, shareholders, sponsors/directors, top management, and the government, should ensure that there is an innovation strategy in place which should be managed to ensure a high level of productivity and competition amongst the various operators. The study concluded that most of the service providers do not have designed corporate innovation strategies or processes.

Odoh (2017) reviewed conceivable disruptive innovation in the telecommunication industry, with specific interest in the adoption of soft-SIM among telecommunication firms. The objective was to the ascertain possibility of acceptance of soft-SIM among mobile operators. With the reduced SIM size the likelihood of soft-SIM acceptance formed the main focus. Data was obtained via related literature and interviews. Interviewees were gotten from Nigeria and Finland and in-depth information was granted by the informants. Basically, the data was primary data which are the interviews and secondary data from literature which include printed books from academic library and non-printed materials such ejournals and blog. The findings shows that though soft-SIM appears to be a landmark innovation in the telecommunication sector, however, mobile operators repudiate the idea of soft-SIM due to some expected threats such as: Fear of losing customer´s loyalty and Churn, a situation of frequent migration from operator to another.

Odhiambo (2015) study sought to show the main innovations, the main drivers and the relationship between innovation and service quality in telecommunication industry. The study indicated that there is no relationship between innovations and service quality in telecommunication. The finding of the study revealed that financial service innovations are the main innovations adopted by the telecommunication industry. The financial services have revolutionized the financial sector, a model which was very successful in Kenya and currently being rolled out worldwide by other telecommunication service providers. The main drivers of innovations were research and development and increased competition among others.

2.5 Chapter Summary

This chapter has reviewed literature based on three research questions of study: cost leadership, differentiation and focus strategy in regards to organizational performance. The next chapter discusses the research methodology and design used in conducting the research.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology that was used to undertake the study. The chapter entails research design, the population and sampling design that includes sampling frame, sampling technique and sample size. The last sections of the chapter describe data collection methods, research procedures and data collection method.

3.2 Research Design

According to Bryman and Bell (2003), a research design is a framework for the generation of evidence that is suited both to a certain set of criteria and to the research question in which the investigator is interested. Sloman (2010) attributes descriptive research design explains behavior and characteristics of a population. Another definition that suites descriptive research is a set of techniques and procedures describing variables (Burns & Bush, 2010). Descriptive research uses numbers to describe information or data collected in study. Surveys have proven to be effective and efficient in this type of research. It has been majorly used due to its advantages of capturing large data from a sizeable population and very economical (Saunders *et. al,* 2007). The survey method was best fit for study dues to its characteristics that could enable enough data collection for large sample size in a short duration of time. Other benefits of surveys included control of data collection environment, high response rate with low expenditure, flexibility of data collection and a range of questions (Saunders *et. al,* 2007).

3.3 Population and Sampling Design

3.3.1 Target Population

Population is chosen by researcher from a particular unit representing all members of study (Cooper & Schindler, 2014). The population of focus in this study was employees of Safaricom Limited. The research was concerned with gathering their input concerning factors contributing to sustainable advantage in the company. This population was important as it cuts across the organization hence insights on strategies that helps in organization performance. The target population totals was 2500 employees.

Table 3.1: Population Distribution

Department	Distribution	
	Employees	Percentage
Finance & Administration	150	6%
Human Resources	140	5.6%
Marketing & Communication	715	28.6%
Customer Care	1235	49.4%
Risk Management	50	2%
Information Technology	130	5.2%
Network Operations	80	3.2%
Total	2500	100%

Source: Safaricom (2017).

3.3.2 Sampling Design

A sampling design is a procedure used by the researcher to select a suitable sample. It involves choosing some elements of the population to enable conclusions be made the population (Cooper & Schindler, 2014). It guides the process of pairing units to determine sample size. Sampling is less costly and faster in terms of collecting data. It also improves the accuracy and quality of the data.

3.3.2.1 Sampling Frame

A sampling frame is a list of all units of the population from which the sample will be selected (Bryman & Bell, 2003). The sampling frame is the list of elements from which the sample will be drawn (Cooper & Schindler, 2014). Samples are selected from an existing list of entire population. The sampling frame in this study comprised employees of Safaricom Limited headquarters in Nairobi. The following are departments at Safaricom: Finance & Administration, Human Resource, Marketing and Communication, Customer Care, Risk and Strategy, Information Technology and Network Operations.

3.3.2.2 Sampling Technique

A sampling technique includes the process of selecting an example from a population (Cooper & Schindle, 2014). According to Mugenda (2003), sampling is the process of choosing the study subjects or objects from a larger population. It is important as the study sample represented the entire population from which it is drawn. Stratified random sampling technique will be used since population of interest is not homogeneous and could was subdivided into units or strata to obtain the sample. The sampling technique also ensured that the representation of the population was equitable by allowing views from all departments hence quality information (Cooper & Schindler, 2014).

3.3.2.3 Sample Size

Bryman and Bell (2003), defines sample size as a segment of population identified for study. The study used stratified random sampling technique to get sample size. The population of the study was organized according to departments. A sample of 5% of the population was picked randomly from each strata to form the sample size. The target population was 2500 employees of Safaricom Limited as of 2017. The sample size comprised of 5% of the target population. Table 3.2 presents the sample size.

Table 3.2: Sample Size Distribution

Departments	Frequency	Multiplier Factor	Sample Size	Percentage
Finance & Administration	150	0.05	7	5.6%
Human Resources	140	0.05	7	5.6%
Marketing Communication	715	0.05	36	28.8%
Customer Care	1235	0.05	62	49.6%
Risk Management	50	0.05	2	1.6%
Information Technology	130	0.05	7	5.6%
Network Operations	80	0.05	4	3.2%
Total	2500		125	100%

3.4 Data Collection Methods

According to Cooper and Schindler (2014), data collection involves gathering of facts presented to a researcher from the study. Primary data for the research was collected through use of questionnaires that comprise both closed and open-ended questions that seeks to measure the impact of generic competitive strategies on organizational performance. The statements had strongly disagree, disagree, neutral, agree and strongly agree as options. Secondary data was collected from previous research conducted by other authors on the same subject matter. The questionnaire had four parts; Part A was demographic of population, part B was Low Cost Leadership, part C was on Focus and part D on Differentiation.

3.5 Research Procedures

Research procedures are activities and process undertaken during a study (Bryman & Bell, 2003). A data collection tool is prepared in line with research questions then a pilot study is done for evaluation of its effectiveness. The evaluation of the pilot study enables researcher to make necessary adjustments before administering to target group. In this study a pilot was carried out that took 5 days. Once the piloting was done the final version of the questionnaire was developed which was thereafter administered to the respondents. It was important to do follow ups through calls and reminders to ensure high response rate. Researcher made confidentiality and anonymity of respondents' feedback a priority. The research findings and conclusions acted as incentives since respondents wanted to have a feel of the outcome of this study, and possible recommendations.

3.6 Data Analysis Methods

Data analysis is condensing collected data into manageable bits to develop summaries, check patterns and apply statistical techniques (Cooper & Schindler, 2014). The coded data was analyzed using statistical measures of percentages, mean scores and standard deviations by use of Statistical Package for Social Sciences (SPSS). Descriptive statistics used on quantitative findings was mean, standard deviation and percentages. Qualitative data from open questions will be presented in prose form. The results were presented using frequency tables and figures for easy understanding and interpretation.

3.7 Chapter Summary

This chapter analyzed methodology of the study. The research involved descriptive study through a cross sectional case study of Safaricom. The target population was employees involved in core business of Safaricom. Questionnaires were used to collect data, analyzed and presented in tables and figures. SPSS and Microsoft Excel were tools of analysis used in the study. Chapter four presents results and findings.

CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents the results and findings. The chapter begins with a descriptive analysis of the respondents' demographic data. The rest of the chapter is thematically presented based on the research question. Analysis was done to answer research questions. Out of 125 questionnaires issued, 100 were filled and returned giving a response rate of 80%.

Table 4.1: Response Rate

Variable	Frequency	Percentage (%)
Filled and returned	100	80
Non-response	25	20
TOTAL	125	100

4.2 Background Information

This section presents the descriptive analysis of demographic data. This includes the level of education of the respondent, number of working years as well as position held in the organization.

4.2.1 Gender of the Respondents

A majority of respondents were females accounting 55% and males accounted for 45% of respondents. The implication is that Safaricom as an organization has complied with the 30% gender rule as outlined in the Kenyan constitution as shown in Table 4.2.

Table 4.2: Gender of Respondents

Gender	Frequency	Percentage (%)
Male	45	45
Female	55	55
Total	100	100

4.2.2 Education

The study shows that a majority 62% had a Degree, 8% of the respondents had Diploma, 28% had Masters and 2% had Doctorate. The data implies that the staff are well educated and hence understand issues well as shown in table 4.3.

Table 4.3: Education

Education	Frequency	Percentage (%)
Diploma	8	8
Degree	62	62
Masters	28	28
Doctorate	2	2
Total	100	100

4.2.3 Number of Years in the Organization

The study shows that 12% of respondents had worked in the organization for less than 2 years, 18% for 3-5 years, 28% for 6-10 years and 42% for over 10 years. The majority of respondents have a reasonable working experience in the organization. They therefore were in a good position to respond to the questionnaires as shown in table 4.4.

Table 4.4: Number of Years in the Organization

Number of Years in the Organization	Frequency	Percentage (%)
Less than 2 Years	12	12
3-5 Years	18	18
6-10 Years	28	28
Over 10 Years	42	42
Total	100	100

4.3 Low Cost Leadership and Organization Performance

The first objective of the study was to examine how low-cost leadership strategy affects performance at Safaricom. Respondents were asked a set of questions to indicate what extent they agree or disagreed with statements regarding low cost leadership and organization performance. Using a five point Likert scale where 1 Strongly Disagree, 2 Disagree, 3 Neutral, 4 Agree and 5 Strongly Agree.

4.3.1 Low Cost Leadership and Economies of scale

The study sought to establish the effect of low cost leadership on economies of scale and the results revealed that 1% strongly disagreed, at the same time 8% were uncertain while 25% agreed and those who strongly agreed were the majority and accounted for 66% as shown in Table 4.5.

Table 4.5: Low Cost Leadership and Economies of scale

Variable	Frequency	Percent
Strongly Disagreed	1	1.0
Neutral	8	8.0
Agreed	25	25.0
Strongly agreed	66	66.0
Total	100	100.0

4.3.2 Low Cost Leadership and Capacity Utilization of Resources

The study sought to establish the effect of low cost leadership on capacity utilization of resources and the results revealed that 2% strongly disagreed, 3% disagreed and at the same time only 6% were uncertain while 29% agreed and those who strongly agreed were the majority and accounted for 60% as shown in Table 4.6.

Table 4.6: Low Cost Leadership and Capacity Utilization of Resources

Variable	Frequency	Percent
Strongly Disagreed	2	2.0
Disagreed	3	3.0
Neutral	6	6.0
Agreed	29	29.0
Strongly agreed	60	60.0
Total	100	100.0

4.3.3 Low Cost Leadership and Reducing in Operations Time and Costs

The study sought to establish the effect of low cost leadership on reducing in operations time and costs and the results revealed that those who strongly disagreed and disagreed accounted for 4% respectively and 27% were uncertain while 49% agreed and those who strongly agreed accounted for 16% as shown in Table 4.7.

Table 4.7: Low Cost Leadership and Reducing in Operations Time and Costs

Variable	Frequency	Percent
Strongly Disagreed	4	4.0
Disagreed	4	4.0
Neutral	27	27.0
Agreed	49	49.0
Strongly agreed	16	16.0
Total	100	100.0

4.3.4 Low Cost Leadership and Efficiency and Cost Control

The study sought to establish the effect of low cost leadership on efficiency and cost control and the results revealed that those who strongly disagreed accounted for 5% and disagreed were 7% no respondent was uncertain while 50% agreed and those who strongly agreed accounted for 38% as shown in Table 4.8.

Table 4.8: Low Cost Leadership and Efficiency and Cost Control

Variable	Frequency	Percent
Strongly Disagreed	5	5.0
Disagreed	7	7.0
Agreed	50	50.0
Strongly agreed	38	38.0
Total	100	100.0

4.3.5 Low Cost Leadership and Forming Linkages

The study sought to establish the effect of low cost leadership on forming linkages with service providers, suppliers and other supplementary institutions and the results revealed that those who strongly disagreed were 5% and 12% disagreed. Results also showed that 2% were uncertain while 22% agreed and those who strongly agreed accounted for 59% as shown in Table 4.9.

Table 4.9: Low Cost Leadership and Forming Linkages

Variable	Frequency	Percent
Strongly Disagreed	5	5.0
Disagreed	12	12.0
Neutral	2	2.0
Agreed	22	22.0
Strongly agreed	59	59.0
Total	100	100.0

4.3.6 Low Cost Leadership and Mass Distribution

The study sought to establish the effect of low cost leadership on mass distribution and the results revealed that those who strongly agreed were 36% and formed that majority, 23% agreed and the results also showed that 21% were uncertain while 19% disagreed and those who strongly disagreed accounted for only 1% as shown in Table 4.10

Table 4.10: Low Cost Leadership and Mass Distribution

Variable	Frequency	Percent
Strongly Disagreed	1	1.0
Disagreed	19	19.0
Neutral	21	21.0
Agreed	23	23.0
Strongly agreed	36	36.0
Total	100	100.0

4.3.7 Low Cost Leadership and Mass Production

The study sought to establish the effect of low cost leadership on mass production and the results revealed that those who strongly agreed were 17% and a majority accounting for 23% agreed and the results also showed that 19% were uncertain while only 7% disagreed as shown in Table 4.11

Table 4.11: Low Cost Leadership and Mass Production

Variable	Frequency	Percent
Disagreed	7	7.0
Neutral	19	19.0
Agreed	57	57.0
Strongly agreed	17	17.0
Total	100	100.0

4.3.8 Descriptive Statistics of Low Cost Leadership

Table 4.12 shows that majority of the respondents stated that the following low cost leadership factors affect organization performance: Majority agreed that economies of scale (mean, 4.45, SD 1.123), capacity utilization of resources (mean 4.97, SD 1.008), respondents were neutral on reducing in operations time and costs (mean 3.95, SD 0.996), they agreed on efficiency and cost control (mean 4.23, SD 1.107), forming linkages with service providers, suppliers and other supplementary institutions (mean 4.33, SD 0.887), mass distribution showed respondents were neutral (mean 3.90, SD 1.321), mass production also shoed neutrality of feedback from employees (mean 3.67, SD 1.204). Standard deviation implies the variation from the mean scores. The higher the standard deviation the higher the variation from the mean.

Table 4.12: Low Cost Leadership and Organization Performance

Statement	Mean	SD
Economies of scale	4.45	1.123
Capacity utilization of resources	4.97	1.008
Reducing in operations time and costs	3.95	0.996
Efficiency and cost control	4.23	1.107
Forming linkages with service providers, suppliers and other supplementary institutions	4.33	0.887
Mass distribution	3.90	1.321
Mass production	3.67	1.204

4.4 Focus Strategy and Organization Performance

The second objective of the study was to examine how focus strategy affects performance at Safaricom. Respondents were asked a set of questions to indicate what extent they agree or disagreed with statements regarding to internal factors. Using a five point Likert scale where 1 Strongly Disagree, 2 Disagree, 3 Neutral, 4 Agree and 5 Strongly Agree.

4.4.1 Segmentation Based on Benefit Sought by the Customers

The study sought to establish if segmentation at Safaricom was based on benefit sought by the customers and the results revealed that those who strongly agreed were 42% and 49% agreed and the results also showed that 7% were uncertain while 1% disagreed and strongly disagreed respectively as shown in Table 4.13

Table 4.13: Segmentation Based on Benefit Sought by the Customers

Variable	Frequency	Percent
Strongly Disagreed	1	1.0
Disagreed	1	1.0
Neutral	7	7.0
Agreed	49	49.0
Strongly agreed	42	42.0
Total	100	100.0

4.4.2 Segmentation Based on Physiological Aspects of the Customers

The study sought to establish if segmentation at Safaricom was based on physiological aspects of the customers and the results revealed that those who strongly agreed were 7% and only 14% agreed. The results also showed that 23% were uncertain while 34% disagreed and 22% strongly disagreed as shown in Table 4.14

Table 4.14: Segmentation Based on Physiological Aspects of the Customers

Variable	Frequency	Percent
Strongly Disagreed	22	22.0
Disagreed	34	34.0
Neutral	23	23.0
Agreed	14	14.0
Strongly agreed	7	7.0
Total	100	100.0

4.4.3 Segmentation Based on Social Class of the Customers

The study sought to establish if segmentation at Safaricom was based on social class of the customers and the results revealed that those who strongly agreed were 45% and 30% agreed. The results also showed that 11% were uncertain while 10% disagreed and only 4% strongly disagreed as shown in Table 4.15

Table 4.15: Segmentation Based on Social Class of the Customers

Variable	Frequency	Percent
Strongly Disagreed	4	4.0
Disagreed	10	10.0
Neutral	11	11.0
Agreed	30	30.0
Strongly agreed	45	45.0
Total	100	100.0

4.4.4 Segmentation Based on Income Level of the Customers

The study also sought to establish if segmentation at Safaricom was based on income level of the customers and the results revealed that 21% strongly agreed with the statement while 65% accounting for the majority agreed. The results also showed that those who were uncertain and those who were in disagreement to the statement were 5% respectively and only 4% strongly disagreed as shown in Table 4.16

Table 4.16: Segmentation Based on Income Level of the Customers

Variable	Frequency	Percent
Strongly Disagreed	4	4.0
Disagreed	5	5.0
Neutral	5	5.0
Agreed	65	65.0
Strongly agreed	21	21.0
Total	100	100.0

4.4.5 Descriptive Statistics of Focus Strategy

Table 4.17 shows that majority of the respondents agreed that Safaricom practices segmentation based on benefit sought by the customers (mean 4.08, SD 1.107), they agreed also that Safaricom practices segmentation based on physiological aspects of the customers (mean 4.13, SD 1.007), respondents were in unison and agreed that Safaricom practices segmentation based on social class of the customers (mean 4.07, SD 0.997), Safaricom practices segmentation based on income level of the customers got a neutral voice from respondents (mean 3.96, SD 0.865).

Table 4.17: Focus and Organization Performance

Statement	Mean	SD
Safaricom practices segmentation based on benefit sought by the customers	4.08	1.107
Safaricom practices segmentation based on physiological aspects of the customers	4.13	1.007
Safaricom practices segmentation based on social class of the customers	4.07	0.997
Safaricom practices segmentation based on income level of the customers	3.96	0.865

4.5 Differentiation and Organization Performance

The third objective of the study was to examine how differentiation strategy affects performance at Safaricom. Respondents were asked a set of questions to indicate what extent they agree or disagreed with statements regarding to internal factors. Using a five point Likert scale where 1 Strongly Disagree, 2 Disagree, 3 Neutral, 4 Agree and 5 Strongly Agree.

4.5.1 Differentiation Based on Product/Service

The study also sought to establish if differentiation at Safaricom was based on products/services offered and the results revealed that 47% strongly agreed with the statement while 35% agreed. The results also showed that those who were uncertain were 11% and only 5% disagreed and 2% strongly disagreed as shown in Table 4.18

Table 4.18: Differentiation Based on Product/Service

Variable	Frequency	Percent
Strongly Disagreed	2	2.0
Disagreed	5	5.0
Neutral	11	11.0
Agreed	35	35.0
Strongly agreed	47	47.0
Total	100	100.0

4.5.2 Differentiation Based on Price

The study also sought to establish if differentiation at Safaricom was based on the price offered and the results revealed that 27% strongly agreed with the statement while 43% agreed. The results also showed that 18% were uncertain and only 4% disagreed and 8% strongly disagreed as shown in Table 4.19

Table 4.19: Differentiation Based on Price

Variable	Frequency	Percent
Strongly Disagreed	8	8.0
Disagreed	4	4.0
Neutral	18	18.0
Agreed	43	43.0
Strongly agreed	27	27.0
Total	100	100.0

4.5.3 Differentiation based on Place

The study sought to establish if differentiation at Safaricom was based on the place the service was found and the results revealed that 13% strongly disagreed, 14% disagreed and at the same time only 25% were uncertain while 16% agreed and those who strongly agreed were the majority and accounted for 32% as shown in Table 4.20.

Table 4.20: Differentiation Based on Place

Variable	Frequency	Percent
Strongly Disagreed	13	13.0
Disagreed	14	14.0
Neutral	25	25.0
Agreed	16	16.0
Strongly agreed	32	32.0
Total	100	100.0

4.5.4 Differentiation Based on Promotion/ Advertising Campaign

The study also sought to establish if differentiation at Safaricom was based on the promotion/ advertising campaign and the results revealed that 24% strongly agreed with the statement while 66% agreed. The results also showed that only 1% was uncertain and % disagreed and only 3% strongly disagreed as shown in Table 4.21

Table 4.21: Differentiation Based on Promotion/ Advertising Campaign

Variable	Frequency	Percent
Strongly Disagreed	3	3.0
Disagreed	6	6.0
Neutral	1	1.0
Agreed	66	66.0
Strongly agreed	24	24.0
Total	100	100.0

4.5.5 Differentiation Based on Personnel

The study sought to establish if differentiation at Safaricom was based on the personnel and the results revealed that those who strongly agreed were 38% while 41% agreed and the results also showed that 14% were uncertain while 5% disagreed and those who strongly disagreed accounted for only 2% as shown in Table 4.22

Table 4.22: Differentiation Based on Personnel

Variable	Frequency	Percent
Strongly Disagreed	2	2.0
Disagreed	5	5.0
Neutral	14	14.0
Agreed	41	41.0
Strongly agreed	38	38.0
Total	100	100.0

4.5.6 Differentiation Based on Image

The study also sought to establish if differentiation at Safaricom was based on the image and the results revealed that those who strongly agreed were 47% while 24% agreed and the results also showed that 21% were uncertain while 5% disagreed and those who strongly disagreed accounted for only 3% as shown in Table 4.23

Table 4.23: Differentiation Based on Image

Variable	Frequency	Percent
Strongly Disagreed	3	3.0
Disagreed	5	5.0
Neutral	21	21.0
Agreed	24	24.0
Strongly agreed	47	47.0
Total	100	100.0

4.5.7 Differentiation Based on Technological Leadership

The study also sought to establish if differentiation at Safaricom was based on the technological leadership enjoyed by the firm and the results revealed that those who strongly agreed were 26% while 50% agreed and the results also showed that 19% were uncertain while 5% strongly disagreed as shown in Table 4.24

Table 4.24: Differentiation Based on Technological Leadership

Variable	Frequency	Percent
Strongly Disagreed	5	5.0
Neutral	19	19.0
Agreed	50	50.0
Strongly agreed	26	26.0
Total	100	100.0

4.5.8 Descriptive Statistics of Differentiation

Table 4.25 shows that majority of the respondents agreed that the following differentiation strategies enhance organization performance: differentiation based on product/service (mean 4.07, SD 0.8254), differentiation based on price (mean 4.17, SD 1.234), differentiation based on promotion/ advertising campaign (mean 4.01, SD 0.883), differentiation based on personnel (mean 4.07, SD 0.8254), differentiation based on image (mean 4.11, SD 0.3521), but the respondents were neutral on the following: differentiation based on place (mean 3.65, SD 0.995), differentiation based on technological leadership (mean 3.93, SD 0.8812).

Table 4.25: Differentiation Strategy and Organization Performance

Statement	Mean	SD
Differentiation based on product/service	4.07	0.8254
Differentiation based on price	4.17	1.234
Differentiation based on place	3.65	0.995
Differentiation based on promotion/ advertising campaign	4.01	0.883
Differentiation based on personnel	4.07	0.8254
Differentiation based on image	4.11	0.3521
Differentiation based on technological leadership	3.93	0.8812

4.6 Correlation Analysis

A Pearson correlation analysis was done to establish the relationship between the dependent variable (organization performance) against independent variables (low cost leadership, focus and differentiation strategy). There was a strong positive significant correlation between organization performance and low-cost leadership strategy (P=0.000, r= 0.613), focus strategy (P=0.004, r= 0.282), and differentiation (p=0.001, r= 0.325). All the variables were significant as indicated in table 4.26 Therefore implying that an increase in low cost leadership, focus and differentiation strategy leads to an increase in organization performance.

Table 4.26: Correlation Analysis

Factors		PF	LL	FS	DS
Performance (PF)	Correlation	1			
	Significance (2-tailed)	000			
Low-cost leadership (LL)	Correlation	.613**	1		
	Significance (2-tailed)	.000			
Focus (FS)	Correlation	.282**	.425**	1	
	Significance (2-tailed)	.004	.000		
Differentiation (DS)	Correlation	.325**	.449**	.937**	1
	Significance (2-tailed)	.001	.000	.000	.000

4.6.1 Regression Analysis

The research analysed relationship between the dependent variable (organization performance) against independent variables (low cost leadership, focus and differentiation strategy). The results showed that the adjusted R^2 value was 0.384 hence 38.4% of the variation in performance was explained by the variations in low cost leadership, focus and differentiation strategy as illustrated in Table 4.27

Table 4.27: Model Summary

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.620[a]	.384	.365	.48597	.384	19.957	3	96	.000

a. Predictors: (Constant), differentiation, low cost strategy, focus

An ANOVA analysis was done between the dependent variable (organization performance) against independent variables (low cost leadership, focus and differentiation strategy) at 95% confidence level, the F critical was 19.957 and the P value was (0.000) therefore significant and the results are illustrated below in Table 4.28

Table 4.28: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.140	3	4.713	19.957	.000[b]
	Residual	22.672	96	.236		
	Total	36.812	99			

a. Dependent Variable: performance

b. Predictors: (Constant), differentiation, low cost strategy, focus

The equation Y= β0+ β1X1 + β2X2 + β3X3+ *e* was established as per the coeffecient Table 4.29,

$Y= .705+ .771X_1$ -. $277X_2$+ $0.328X_3$

Where Y is the dependent variable organization performance

X_1 – low cost strategy

X_2 –focus

X_3 – differentiation

The regression equation illustrated in Table 4.29 has established that taking all factors into account (low cost leadership, focus and differentiation strategy) all other factors held constant performance has a positive increase of 0.705. The findings presented also showed that with all other variables held at zero, a unit change in low cost strategy would lead to a .771 increase in profitability, and a unit change in focus strategy would lead to 0.277 increase in performance. Moreover, the study also showed that a unit change in differentiation strategy would result in 0.328 increase in performance. All variables were significant p value <0.05, therefore in the equation differentiation, low cost strategy, focus was significant in determining firm's performance.

Table 4.29: Coefficients

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.705	.494		1.427	.009
	low cost strategy	.771	.118	.586	6.537	.000
	focus	.277	.309	.205	-.897	.000
	differentiation	.328	.299	.254	1.097	.000

4.7 Chapter Summary

This chapter presents the results and findings. The analysis shows a positive correlation between organization performance and the three variables: low cost leadership, focus and differentiation strategies. The next chapter is the discussions, conclusions and recommendations.

CHAPTER FIVE

5.0 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The previous chapter presented the analysis and interpretation of the study. This chapter begins with a summary of the research. The chapter then discusses the findings of the study based on the research questions. From the discussions, conclusions are then drawn and recommendations made for improvement as well as for further studies. This chapter begins with summary of findings from previous chapter. The chapter proceeds with discussions of findings based on research questions. Conclusions and recommendations drawn from the discussions.

5.2 Summary

The general objective of study was to examine impact of generic competitive strategies on organizational performance in the telecommunication industry. In order to achieve these, the study focused on the following objectives: To establish how cost leadership strategy affects performance at Safaricom, to examine how focus strategy affects performance at Safaricom and to analyze how differentiation strategy affects performance at Safaricom.

A descriptive research was adopted because the study aimed collecting information from respondents on their perceptions of low cost leadership, focus and differentiation strategies on performance of organization. Further, the correlational approach was adopted as the study was seeking to describe relationship between the independent variables: low cost leadership, focus and differentiation strategies against dependent variable organization performance. The target population for this study were Safaricom employees at Nairobi Headquarters.

The sampling technique was stratified random sampling as population of interest was not homogeneous hence subdivided into groups or strata. Population of study was organized into various departments; Finance, Human Resource, Marketing and Communication, Customer Care, Risk and Strategy, Information Technology and network Operations. A sample of 5% of population was picked randomly from each strata. The target population was 2500 employees. The sample size therefore consisted 5% of the target population of 2500, hence 125 employees. Out of the total of 125 questionnaires given only 100 were correctly filled and returned giving a response rate of 80%. Statistical Package for social Sciences was used to enter, clean and analyze the coded data. Pearson's Correlation coefficient analysis was used to analyze the relationships between the different variables. Tables were used in presenting the study findings.

The first objective was to establish how low cost leadership strategy affects. Safaricom performance. The study revealed a majority of respondents stated that economies of scale affected organization performance. Capacity utilization of resources and reduction in operations time and costs were other factors of low cost leadership that affects organization performance. The following factors of low cost leadership were also identified by respondents as to affect firms' performance: efficiencies in operations hence cost control, mass production and distribution, creating linkages with service providers and suppliers.

The second objective was to examine how focus strategy affects Safraicom performance. The study further revealed that majority of the respondents stated that Safaricom practices segmentation based on benefit sought by the customers, Safaricom practices segmentation based on physiological aspects of the customers, Safaricom practices segmentation based on social class of the customers, Safaricom practices segmentation based on income level of the customers.

The last objective was to analyze how differentiation strategy affects Safaricom performance. The study revealed that majority of the respondents stated that the following differentiation strategies enhance organization performance: differentiation based on product/service, differentiation based on price, differentiation based on place, differentiation based on promotion/ advertising campaign, differentiation based on personnel, differentiation based on image, differentiation based on technological leadership. The study also showed a positive significant correlation between organization performance and the three variables in study: low-cost leadership, focus and differentiation.

5.3 Discussion

5.3.1 Low Cost Leadership and Organization Performance

Majority of respondents in the study stated economies of scale and capacity utilization of resources affect firms' performance. Hilman, Mohamed, Othman and Uli (2009) affirm this and in their study they state that to gain cost leadership advantage organization should pursue forward, backward and horizontal integration strategies. Organizations that implement cost leadership strategy employs several activities like accurate demand forecasting, high capacity utilization, economies of scale, technology advancement, outsourcing and learning/experience curve (Bordean *et al.,* 2010). Cost leadership strategy emphasises that firms can gain competitive advantage by achieving low cost within the industry (Hilman, 2009; Allens & Helms, 2006).

It also revealed that reduction in operations time and costs, efficiency which helps in cost control, mass production and distribution as well as good relations with suppliers and service providers were factors affecting organization performance. The findings agree with Smith (2012) who argues that most businesses cannot exist by being the lowest-cost providers; still too many companies allow price to be their only differentiator. All those companies racing to the bottom are ignoring the vital fact that price isn't everything, when you compete on price, you're accepting commodity status. A company concentrating on price therefore becomes a commodity supplier rather than a marketer and if it does not enjoy vast economies of scale, it will be whistling through to the graveyard. There are other ways to help your customers cut costs that have nothing to do with lowering prices. If your products and services are more reliable, you can save customers costly down time.

The findings also affirm that cost leadership is based on lower overall costs than competitors. Brooks (2010) also affirmed that in order for a firm to successfully implement cost leadership strategy, it has to design, produce and market a product or service efficiently than her rivals in the industry. Organizations invest in efficient scale facilities to lower their costs, control overheads and minimize costs in areas like service, selling and advertisements (Porter, 1998). This firms sell standardized products and services to typical customers. The main objective is to seek a means of reducing cost. Hence, concentrate to maintain efficiency in all activities in value chain. This leads to effective control of expenses and identify activities that cost can be reduced.

The pearson correlation done revealed a positive correlation between low cost leadership and firms performance. The results are in line with those of Thairu (2015) who sought to establish the competitive strategies that Telkom Kenya (Orange) is adopting to gain competitive advantage and increase its profits in the long run.. The findings revealed that the firm adopted competitive which included use of cost Leadership where the firm leveraged on existing infrastructure, infrastructure sharing, tight control of cost and overheads, this led to improved efficiency in operations, reduction of input costs, tight control of labor costs, use of information systems and lowering distribution costs. Lestor (2013) argues that the main dimension of the cost leadership strategy is efficiency. The input needed in production for every unit of output should be low. Efficiency has two aspects of approach, either cost or asset parsimony. Cost efficiency measures to what degree costs per unit output is low while asset parsimony measures what degree of assets per unit output are low. While that is the case other studies are of the contrary opinion, for instance a research done in rusia by Russia Mikhail, Marina, Denis and Vladimir (2017) who undertook an analysis of telecommunications companies strategies at various phases of the market development. The study findings revealed that although "cost leadership" strategy although allowed to increase revenues, it had a negative impact on the company's profitability.

5.3.2 Focus and Organization Performance

The study further revealed that majority of the respondents stated that Safaricom practices segmentation based on benefit sought by the customers as well as physiological aspects of the customers. The findings agree with George (2015) who pointed out a competitive environment which comprised of cost reduction, outstanding services to customers, ensuring on operational efficiency and control of products and services. Focus adopts a narrow competitive edge within a particular industry. An organization will grow its market share by offering unique products and services to an identified gap in the industry (Porter, 1998). The ability to improve performance and reduce costs is one of the key competencies for ventures. Control and analyzing of costs are no longer simply concerned with monitoring departmental budgets, but involves putting in place a cost structure and strategy after severe analysis has been conducted that will benefit the business by optimizing the processes, which will add value to the products and services.

The findings also revealed that Safaricom practices segmentation based on social class of the customers and income level of the customers. Previous studies have also established that Telecom firms need to segment their clients in order to effecently serve. A case in point is Kasadha (2014) study which sought to investigate how market segmentation can improve on customer service at orange telecom Uganda. It was found out that Orange telecom has segmented its market according to population, age groups, gender, time, level of use, attitude. Study findings further indicate that Orange telecom has the ability to provide the promised service dependably and accurately, has willingness to help customers and provide prompt service and that most of its customer care service staff are fully trained in the area of providing world class customer care service. Study findings indicated that there is a strong positive relationship between market segmentation and customer service.

The study also revealed that developing brand name is important for competitive edge and performance of organization. The findings further agreed with Murage (2012), in petroleum industry, differentiation was key in gas stations to edge out competition. Thathi (2008) also explained how discounts, competitive pricing and quality service provision boasted advertising firms. Murimiri (2013) in his study found that Commercial Banks in Kenya pursued cost reduction, outstanding customer service and operational efficiency with respect to performance indicators of revenue growth, asset growth and market share.

There was a significant relationship between strategies at Safaricom and its performance indicated by growth in revenue, assets, income and market share. The findings also agree with Maluku (2014) in his study on competitive strategies on performance of dairy firms in Kenya found that focus strategy was most preferred by dairy firms in Kenya compared to cost leadership and differentiation strategies. Mary (2014), in her study assessment of the relationship between generic strategies and competitive advantage among organizations in the tourism industry in Kenya also found that compared to other generic strategies, focus strategy was the factor that had the most significant effect on the company's competitive advantage. Gathinji (2014) indicated that firms should utilize strategies to improve the overall organization performance and some of the key performance indicators that include; sales and market share, customer retention, profitability and product developmentlinnovation. The study recommends that organizations should adopt strategies that allow them to achieve competitive advantage over others.

The results from the Pearson correlation analysis indicated a positive correlation between focus strategy and organization performance. Past studies have also established a positive association, for instance Mwiti (2011) sought to identify market penetration strategies by Essar Telecom Kenya Limited. The study found that the company has engaged in both pull and push strategy as a form of promotional strategy. The study further found that the company adopts market segmentation as one of the strategies in order to expand its market share. Other studies have however established insignificant relationship between the two as indicated by Jama (2018) in his study to establish thet effect of competitive strategies on organizational performance of telecommunication companies in Mogadishu, Somalia. Results confirmed that all cost leadership strategy and differentiation strategy had a significant and positive effects on dependent variable. While focus strategy and strategic alliances had an insignificant effect on organizational performance in the mobile telecommunication companies in Mogadishu Somalia.

5.3.3 Differentiation and Organization Performance

The study revealed that majority of the respondents stated that the differentiation strategies enhance organization performance. The findings agree with Smith (2012) who claims that to remain competitive, you have to become more conscious about why you are in business in the first place and what you are delivering that makes you unique; it is in differentiation that the vast majority of successful businesses find their competitive advantage. Without competitive advantage, price becomes your only differentiator. When all a customer has to go on is cost, it is easy for him to perceive you as the same as the competition and that leads to margin erosion. Businesses that thrive offer the customer something more important than the lowest possible price. Customers will pay more for convenience, higher quality and trendier products, expert advice and personal service as well as their own image. Strength is not a competitive advantage; a company needs strengths to be in business but they are not differentiators.

A firm using differentiation strategy needs to compliment cost reduction with investing and developing features that relate to customers. Cost reduction alone might be overruled by competition. The essential success factor for survival in industry, is continuous innovation of products and services, creativity and organizational learning. Hyatt (2012) affirms that anything that an organization can do to create buyer value represents a potential basis for differentiation. Once it finds a good source of buyer value, it must build the value, creating attributes into its services and products at an acceptable cost. These attributes may raise the services and products' performance or make it more economical to use.

The findings indicated that safaricom undertook differentiation based on product/service, differentiation based on price, place, differentiation based on promotion/ advertising campaign, personnel, image and technological leadership. The differentiated attribute has a value attached that customers are willing to pay a premium price. A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competition. Firms that succeed in a differentiation strategy often have access to leading scientific research, highly skilled and creative product development team, strong sales team with the ability to successfully communicate the perceived strengths of the product and corporate reputation for quality and innovation (Oliver, 2010). Products are differentiated in numerous means and ways to satisfy customers. Some products and services have unusual features while others have various responsive customer service. Amidst technological era, rapid product innovations and technological leadership are means and ways of customer satisfaction. These various ways make product and services perceived prestigious with different status quo coupled with engineering design and performance as approaches of differentiation (Porter, 1985).

The results from the Pearson correlation analysis indicated a positive correlation between differentiation and organization performance. This is in agreement with previous research done. Qayyum (2017) studied the differentiation strategies of mobile telecom operators and the impact of factors influencing the process of differentiation of the mobile telecom service firms operating in Pakistan and the findings from the four case studies revealed that all the mobile operators opt for the differentiation strategies based on the determinants. It was evident from the study of all the case companies that regulations affect the industry profits, increase the cost of upgrading the networks and infrastructures, causing a delay in the adoption of innovation, thereby influencing the differentiation strategy.

The results also echo those of Shihachi (2012) who investigated corporate branding strategy and performance of Safaricom Limited. This research used a case study design. Primary data was collected from the company (Safaricom ltd) by use of interview guide in order to determine how corporate branding strategy has influenced performance of Safaricom ltd. The study found out that differentiation by use of corporate branding strategy help in improving organization performance through creating the company and product awareness, it helps in pushing up sales, performance, enhancing customer satisfaction and that corporate branding strategy seeks to create unique identity and position for its product and services and ensures that both product and organization create value beyond that of their competitors. Employee involvement in corporate branding strategy helps in successful implementation of the corporate branding strategy through ensuring responsibility in the implementation thus improving the adaptability and effectiveness.

5.4 Conclusion

5.4.1 Low Cost Leadership Strategy and Organization Performance

Telecommunication companies in Kenya can adapt low cost leadership strategy to increase performance. The study shows how economies of scale and capacity utilization of resources are important factors that affect performance. This factors reduce operation time and costs, brings about efficiency thus cost control. It is also key to create healthy relationships with service providers and suppliers. Safaricom has adopted this strategy and implementing it well to gain more market share in terms of low cost operations with various integrated business units, and an able workforce committed to the low-cost strategy. Economies of scale gives Safaricom a competitive advantage.

5.4.2 Focus Strategy and Organization Performance

The study also concluded that focus affected performance of Safaricom through various aspects such as practicing segmentation based on benefit sought by the customers, physiological aspects of the customers and income level of the customers. It was also pointed out that segmentation based on income level of the customers as also had an influence on performance of the organization. Focus targets new markets that haven't been tapped by strong rivals. This niche markets enables a firm grow in terms of market share.

5.4.3 Differentiation Strategy and Organization Performance

On the topic of differentiation, this study concluded that differentiation affect performance in telecommunication companies through product/service, promotion/ advertising campaign, personnel differentiation. Differentiation based on place, differentiation based on image and differentiation based on technological leadership affected performance of Safaricom. Differentiation strategy is an approach under which an organization aims to develop and market unique services and products for different customer segments.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Low Cost Leadership Strategy and Organization Performance

The study recommends telecommunication companies to identify service providers who will help in cutting down on costs. It forms a basis of competitive advantage by creating relationships with intermediaries, suppliers and service providers. Firms in telecommunication should embrace and effectively apply cost leadership. The management should always be on the lookout ensuring a proactive approach to always gain advantage over competitors. This can only be possible through good leadership by management and empowering stakeholders especially employees. Stakeholders will be motivated and committed once implementation is rolled out.

5.5.1.2 Focus Strategy and Organization Performance

The study recommends that telecommunication companies should first understand and know their motive and capability before adopting a certain competitive strategy for example market focus. They should know on what basis to segment their products, services and operations. As the markets become dynamic and consumers more irregular and fickle, the companies need some form of market segmentation to efficiently satisfy the market needs. What makes an organization different from a competitor should be established. Managers need to ensure that the message of differentiation reaches the clients, as the customer's perceptions of the institution are significant. Level of segmentation should be increased in the telecommunication companies to reflect the strategy adopted.

5.5.1.3 Differentiation Strategy and Organization Performance

The study further recommends that in order for telecommunication companies to enhance their performance then they should invest more in differentiating their personnel through continuous training, products and services in order to make them unique and innovative and conducting regular and continuous promotion or advertising campaign to enhance awareness. The telecommunication companies should have strategies in place to create barriers of entry into the industry and bargaining power of both service providers and customers. The competitor companies should seek competitive advantage in ways that draw counter-response from rivals, plummeting profitability and industry attractiveness.

5.5.2 Recommendation for Further Study

The study was based on low cost leadership, focus and differentiation strategies at Safaricom Kenya Limited. Based on the same variables, a similar study could be done on other firms in the Telecommunication industry, at the same time other strategies like Resource Based View, Generic strategies and Porters models should be incorporated for more research to explain organization performance.

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APPENDICES

APPENDIX I: INTRODUCTION LETTER

UNITED STATES INTERNATIONAL UNIVERSITY
P.O BOX 14634, 00800
NAIROBI

Dear Respondent,

I am carrying out a research on the impact of competitive strategies in Telecom business organizations. This is in partial fulfillment of the requirement of Masters in Business Administration (MBA) degree program at the United States International University.

This study uses Safaricom limited as a case study from which you have been selected as one of the lucky respondents. The result of this study will provide more insight into what Telecommunications organizations can do to develop and maintain sustainable competitive advantage in their industry.

This is an academic research and confidentiality is strictly emphasized, your name and other credentials will not appear anywhere in the report. The questionnaire takes 10 minutes only. Kindly spare some time to complete the questionnaire herein.

Thank you in advance,

Yours Sincerely,
Nadia Ayishashe

APPENDIX II: QUESTIONNAIRE

Part A : General Information

1. Name (optional)

   ………………………………………………………….

2. Position held in the organization……………………………………..

3. Level of education of the respondent

   Diploma { } Degree { } Masters { } Doctorate { }

   Other(please specify)…………………………………………………

4. How long have you been working in the organization?

a. Less than 2 year [ ]
b. 3 – 5 years [ ]
c. 6 – 8 years [ ]
d. 9 years and above [ ]

5. 5Number of Working Years

a. Less than a year [ ]

b. 1 – 5 [ ]

c. 6 – 10 [ ]

d. 11 – and above [ ]

Part B : Cost Leadership

Please state the extent to which you agree with the below statements using a scale of 1 to 5 whereby 1= strongly disagree and 5 = strongly agree.

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Economies of scale	1	2	3	4	5
Capacity utilization of resources	1	2	3	4	5
Reducing in operations time and costs	1	2	3	4	5
Efficiency and cost control	1	2	3	4	5
Forming linkages with service providers, suppliers and other supplementary institutions	1	2	3	4	5
Mass distribution	1	2	3	4	5
Mass production	1	2	3	4	5

Part C : Market Focus

Please state the extent to which you agree with the below statements using a scale of 1 to 5 whereby 1= strongly disagree and 5 = strongly agree

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Safaricom practices segmentation based on benefit sought by the customers	1	2	3	4	5
Safaricom practices segmentation based on physiological aspects of the customers	1	2	3	4	5

Safaricom practices segmentation based on social class of the customers	1	2	3	4	5
Safaricom practices segmentation based on income level of the customers	1	2	3	4	5

Part D : Differentiation

Please state the extent to which you agree with the below statements using a scale of 1 to 5 whereby 1= strongly disagree and 5 = strongly agree.

Statement	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
Differentiation based on product/service	1	2	3	4	5
Differentiation based on product/service	1	2	3	4	5
Differentiation based on price	1	2	3	4	5
Differentiation based on place	1	2	3	4	5
Differentiation based on promotion/ advertising campaign	1	2	3	4	5
Differentiation based on personnel	1	2	3	4	5
Differentiation based on image	1	2	3	4	5
Differentiation based on technological leadership	1	2	3	4	5