EFFECTS OF COMPETITIVE STRATEGIES ON FINANCIAL PERFORMANCE OF TELECOMMUNICATION COMPANIES IN KENYA DURING THE COVID -19 PANDEMIC. A CASE OF SAFARICOM PLC.

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MAY 2023

DECLARATION

I declare that this document and the research that it describes are my original work and that they have not been presented in any other university for academic work.

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DEDICATION

I dedicate this project to God Almighty for his unbounded mercy that He has granted to me through my studies. I also dedicate this work to my late dad for his constant encouragement and my mom for her prayers and support. My husband and all my family for their moral support throughout the course special dedication to my son Liam for being a beacon and my inspiration. May God bless them and sustain them to reap the fruits of their labor.

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ABSTRACT

The challenges of the business setting during the Covid-19 pandemic across the globe forced several businesses to scrutinize their competitive strategy more closely. The objective of this study was to establish the influence of competitive strategies on the financial performance of telecommunication companies in Kenya using Safaricom PLC as a proxy. The specific objectives of the study were to determine the influence of cost leadership, the differentiation, focus, and strategic alliance on the financial performance of telecommunication companies in Kenya. The study used a cross-sectional design involving the management staff of Safaricom PLC. The target population was 650 employees of Safaricom head office. The sample size was 248 employees of Safaricom PLC. The study was guided by resource base view theory, and Porter's 5 force theory. The research collected primary data using a questionnaire which was administered to each member of the sample, a pilot study was carried out to pretest and validate the questionnaire before being administered. Both descriptive and inferential statistics were used to analyze data collected. The data collected was then analyzed using Statistical Package for Social Sciences (SPSS) version 24 using descriptive statistics such as means, standard deviation, frequency and percentage regression analysis were conducted, Anova test was carried out for hypotheses testing to establish the best model of the study. Tables and graphs were used to present, summarize, and organize data. For inferential analysis was used to measure the strength of the relationship between differentiation, focus, cost leadership, strategic alliance, and organizational financial performance. Additionally, regression analysis was used to establish the nature of the relationship between dependent and independent variables. The study found that coefficients of all the independent variables were positive and statistically significant. The study found cost leadership to take the lead as the most significant variable for customer satisfaction ($\beta = 0.677$, $p = 0.000$). Strategic alliance was the least significant variable for the study ($\beta = 0.049$, $p = 0.013$). The ANOVA F test p value was less than 0.05 to indicate that the overall model was significance. The analysis also indicated that the study variables were predictors of financial performance. The study concluded that all the four independent variables of the study should be considered in the decision making of the company. The study recommends that Safaricom PLC should strive to focus on the cost leadership requirements and continuous improvement to gain profits for inferential analysis was used to measure the strength of the relationship between differentiation, focus, cost leadership, strategic alliance, and organizational financial performance. Additionally, regression analysis was used to establish the nature of the relationship between dependent and independent variables. The study established that Safaricom PLC Practices namely cost leadership, differentiation, focus differentiation and strategic alliance jointly had a significant influence on the financial performance. The study concluded that Safaricom PL based in the Nairobi County should focus of all the four objectives to enhance their competitiveness over competitors. The study recommends further research should be conducted in this area since the current study was conducted during the COVID-19 pandemic era, which affected data collection process.

ABBREVIATIONS AND ACRONYMS

CAK	Communications Authority of Kenya
GOK	Government of Kenya
GSM	Global Systems for Mobile
ICT	Information and Communication Technologies
KBV	Knowledge-Based View
MVAS	Mobile Value-Added Services
RBV	Resource-Based View
CCK	Communication commission of Kenya
GSM	Global system for mobile communication

DEFINITION OF TERMS

Cost leadership- a long-term action plan of an organization that is directed to understand a competitive advantage over its competitors after evaluating their strengths, SWAT in the industry, and compare it together with your own.

Differentiation-This is a technique in which companies develop by providing clients something unique, different, and distinct product from items their competitors may offer in the market.

Focus strategy- This involves targeting your products to a niche market or targeted clients.

Strategic alliance – This is an agreement between the two firms to start a mutually advantageous project while each retains its independence.

Financial performance – This is a subjective measure of how well a company can use its assets from its primary mode of business and generate income.

Reduce operation costs- This refers to cutting on operation costs to increase profit.

Economies of scale- a proportionate saving in costs gained by an increased level of production.

Smart procurement- This is the use of advanced technologies, especially AI, to relieve procurers from routine, monotonous work and find greater efficiency

Automation- A term for the use of technology applications that perform repetitive tasks, freeing up employees for higher-value work.

Digitization and operating model transformation- This is when the current structure, governance, or tools of an organization undergo a significant change for an expected benefit, such as savings from reduced costs, increases in efficiency, restructuring of teams for better alignment, and so on.

Innovation/ Invention- Invention is about creating something new, while innovation introduces the concept of “use” of an idea or method.

CHAPTER ONE:

INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 Introduction

The chapter details a background of the study showing the universal, regional, and local perspectives. It further highlights the statement of the problem and the general and specific objectives of the study. Also, the chapter considers the significance of the study, delimitation, limitations, and scope of the study, as well as a conceptual framework, which will be presented.

1.2 Background of the Study

Organizations manage to increase their profits by performing activities such as innovations, which may include the introduction of a new commodity or a new quality of goods. Introduction of new methods of production, emergence or opening of a new market, finding sources of raw material, and innovatively organizing the industry with new techniques. Porter's five force theories provide a framework for analyzing an industry by identifying various competitive sources in the industry. Whether a firm's market is broad or narrow, and whether the firm is pursuing a competitive advantage. Connected to low-cost or product differentiation. Five distinct competitive approaches are prominent i.e., low-cost to provider strategy, broad differentiation strategy, best-cost provider strategy, focused strategy based on low cost and focused strategy based on differentiation. (Thompson Jr., A. A., Strickland, A. J., & Gamble, J. E).

This study focused on the competitive advantage of the firm anchored by porters 5 forces theory. A deep dive into the study investigating the effect of competitive advantage on the financial performance of the organization which an integral

component in every business setting, for it measure of how well a firm can use assets from its primary mode of business and generate revenues.

The difficult trials of the business setting within the Nineties were characterized by disjointed markets, accrued competition, fast technological changes, shifting limiting frameworks, and an increasing dependence on nonprice competition. Compelling several businesses to examine their competitive strategy more closely. Porter, M. E. (Porter, 2015) argues that companies produce competitive advantage by perceiving new ways which to deliver higher worth to customers. Innovation could be a key supply of competitive advantage and may occur at any point of the worth chain.

The augmented competition has been more fueled by communication and relief of the key world economies. This has reduced the globe into a world village as so much as business (McLuhan)transactions area unit involved McLuhan, M., & Fiore, Q. (2023). As a result, organizations are facing stiff competition from both local and foreign competitors. To compete and survive in a competitive environment, different organizations are adopting different strategies. Organizations are also implementing numerous competitive methods to attain a proper competitive advantage and enhance their survival in a business.

For the telecommunication industry in Kenya, in addition to the continuous measurement of the lead indicator important to achieve and maintain competitiveness, but also the strategy development and implementation process as well. Currently, the Kenyan telecommunication industry has three main players that include Safaricom, Airtel, and Telkom Kenya (Orange). The main players are Safaricom, Airtel, Telkom Kenya (Orange) with a market share of 64.4 %, 21.4%, and 8.9% respectively. The sector has 54.56 million active subscribers. The business in the African country goes

through profound changes. In the past ten years or so, technological advancement and regulatory restructuring have transformed the industry (CCK, 2019).

To measure the key performance indicators, Weidinger, C., & Platts, K. W. (2012). explicate that it involves a process of grouping, analyzing, and/or news data concerning the performance of a private, group, organization, system, or part. Du Randt, R. (2000) showed that performance measurement should ultimately lead to performance management, which is a tool of transforming ideas, vision, and mission of senior managers into actions that can be planned for, measured, modified, and corrected. This study will use Porter's 5 forces model. All the leading telcos have adapted the Michael porter 5 forces strategy as a business model as provided on their website This study examines the relationship between competitive strategies and financial performance of firms in the telecommunication industry in Kenya. It is guided by 4 specific objectives which are to determine the effect of cost leadership strategy on the financial performance of telecommunication companies in Kenya, to examine the effect of differentiation strategy on the financial performance of telecommunication companies in Kenya, to investigate the effect of market focus strategy on the financial performance of telecommunication companies in Kenya and to find out the effect of strategic alliances on the financial performance of telecommunication companies in Kenya.

1.2.1 Competitive Strategies

The Coronavirus outbreak has stolen the attention of all citizens of the world. The World Health Organization (WHO) even officially announces the Covid-19 as a global pandemic World Health Organization (2020, March 11). Consumer behavior around the world suddenly changed since the onset of the Coronavirus pandemic or Covid-19. This sudden change in the business environment and consumer behaviors made many

entrepreneurs confused. Some businesses have had an unexpected advantage, but others have suffered a lot of harm. Because nobody knows when a pandemic will end and the long-term effects it generates (Nurmaliki, et. atl 2020). The main challenge of today's business strategy is finding ways to achieve a sustainable competitive edge compared to other products and companies competing in the market. Competitive strategy means defining how the firm intends to create and maintain a competitive advantage for competitors Bertelè, U., & Chiesa, V. (2001).

(Ogutu, 2012). Another model is Ansoff and McDonnell (2018), according to him competitive strategy is a distinctive approach, which a firm uses or intends to use to succeed in the market. Sidorowicz (2007) views competitive ways as a lot of skill-based and involving strategic thinking, innovation, execution, vital thinking, positioning, and therefore the art of warfare. The competitive strategy offers an organization a bonus over its rivals in attracting customers and defensive against competitive forces. (Sidorowicz)

Competitive advantage is superiority gained by an organization when it can provide the same worth as its competitors but at a lower cost or can charge higher prices by providing greater value through differentiation. Most forms of competitive advantage mean either that a firm will manufacture some service or product that its customers are worth more than those created by competitors or that it will manufacture its service or product at a lower cost than its competitors will. Porter (2015) indicates that competitive advantage is derived from characteristics that others lack and are sustainable and appropriate. A distinctive capability becomes a competitive advantage when applied in the Associate in nursing trade or delivered to a market.

This study will focus on four competitive advantage strategies namely cost leadership, differentiation strategy, focus strategy, and strategic alliance. Cost leadership is a competitive strategy that consists of a set of integrated actions taken to produce goods and services with features that are acceptable to customers at the lowest cost relative to those of competitors (Hitt et al., 2015). Differentiation strategy is a competitive strategy that involves creating a market position that can be based upon design or brand image, distribution, and so forth.

Differentiator firms 8 create customer value by offering high-quality products supported by good service at premium prices (Dirisu et al. 2013). Focus Strategy is a competitive strategy that a firm adopts to produce goods and services that meet the needs of a particular segment or market niche (Hitt et al., 2015). A strategic alliance, it's a joint venture that bolsters a core business strategy, creates a competitive advantage, and abates competitors from moving in on a marketplace. It allows individual companies to achieve more together than they would have on their own. Partners may provide the strategic alliance with resources such as products, distribution channels, manufacturing capability, project funding, capital equipment, knowledge, expertise, or intellectual property Schneier, Ezra (2016). This study will focus on the financial performance of telecommunication companies operating in Kenya.

1.2.2 Financial performance

The COVID-19 pandemic has caused significant difficulties for business environments globally. The lockdown measures and decrease in mobility have created many difficulties within the supply chain (Sharma et al., 2020) and have gravely exposed the continuity of all firms' activities, on a broad range of types of entities, from listed

companies (Rababah et al., 2020) to small and medium-sized enterprises (SMEs) (Kalemli-Ozcan et al., 2020).

At the time of this research (January 25, 2021), many papers had been published on the COVID-19 pandemic and business. Specifically, found 2118 articles indexed in Scopus and 935 papers indexed in Web of Science for this research area. However, few studies (Dimson et al., 2020; Kalemli-Ozcan et al., 2020) have examined key changes in organizations' activities to evaluate the level of business performance as responses to the COVID-19 pandemic.

Financial Performance is defined as a result of the organizational activity or investment over a given period. Neely et al.'s (1995) intellectualize performance as a process of measuring the efficiency and effectiveness of an action (Chahal and Bakshi, RJOAS, 1(85), January 2019 38 2014). Financial performance refers to an assessment that show the achievement of financial goals by the company. Company performance measurement can be done through two approaches, Market performance and financial performance (Vanpoucke, Vereecke, & Wetzels, 2014).

Market performance is measured using market share and sales growth; earnings per share (Gherghina & Simionescu, 2015). Financial performance is measured using return on sales (ROS) and return on investment (ROI); return on assets (ROA) and return on equity (ROE) (Felício, et al., 2012; Gherghina & Simionescu, 2015); Asset turnover (Bashir, et al., 2013). Chahal and Bakshi (2014) says that the measurement of financial performance can be executed both quantitatively and qualitatively. Quantitatively, performance measurement focuses on financial measures such as ROA, ROE, and ROI as well as non-financial aspects. Qualitatively, financial performance is measured perceptually against various investors on various aspects.

Based on signaling theory, the financial performance of Companies will show the current state of the company and the potential for growth in the future. The positive signal that can be seen from the profitability of the company will be able to enhance the company's stock price to contribute positively to firm value. Ghosh and Ghosh (2008) stated that profitability as an indicator of financial performance becomes one of the main factors that determine firm value.

COVID-19 continues to affect the recognition and measurement of most companies' assets, liabilities, income, and expenses. In addition, due to continued liquidity pressures, many companies may be facing going concern difficulties.

1.2.3 Telecommunication Companies in Kenya

Kenya telecommunication industry, same as the rest of the world countries, is going through intense changes. In the past 10 years, technological development and regulatory reform have transformed the industry. Markets that were previously different, discrete, and vertical have merged across their old borders with a huge investment of capital - much of it initiating from private sector participants.

The outcome is new markets, new players, and new challenges. Market liberalization efforts have also picked up resulting the successful partial privatization of Telkom Kenya Ltd (December 2007), divestment of GOK's 25% stake in Safaricom Ltd through a public listing (May 2008), and the launch of fourth mobile operator Econet Wireless Kenya (November 2008). This has resulted in some of the world's best-known telecommunication providers – Vodafone, France Telecoms, and Essar Communications through their investments in Safaricom Limited, Telkom Kenya Limited, and Econet Limited respectively - being major players in the Kenyan market. This study will consider Safaricom Plc as a proxy for all the companies in the telecommunication sector in Kenya as it is the largest in subscribe and financial basis.

1.2.4 Safaricom PLC.

Safaricom PLC is the leader in the mobile network operators in Kenya. In the past twenty years, Safaricom PLC has grown from a telecommunication service provider into a technology company. Safaricom PLC has grown to be more than just a mobile service provider, transforming into a digital lifestyle promoter leveraging on technology driven by our purpose: To transform lives. Diverse reports have indicated that Safaricom PLC is the largest in Central and Eastern Africa in terms of profit and resources. Reports by Safaricom PLC financial year (2021) reported that Safaricom begun as one of the subsections at Kenya Post and telecommunication corporation that was designed to attempt an innovation known as ETACS networks. However, in 1996, the technology advanced to GMS, and in 1999, Safaricom PLC was incorporated into a private limited company.

In 2002 Safaricom PLC began its global systems for mobile communication GSM. Currently, Safaricom PLC is owned by the Kenyan government (35%), independent investors (25%), and Vodafone controls (40%) (Safaricom, 2021). Today Safaricom PLC is the leader in coverage communication solutions with main concentration audio, video, and data requirements (Barton,2015).

In 2008 Kenyan government sold 25% of its stake to make the private liability company a public company with limited liability (www.Safaricom.co.ke). However, over the years the company has developed continuously with different innovations, including network infrastructure capabilities, and hence today Safaricom PLC brags as being the most technologically advanced and widespread network in the country with a market share of 64.4% by the year 2021 (Safaricom PLC FY, 2021). Safaricom has enhanced 4G coverage to 94%, 3G coverage at 95%, 2G coverage at 96%, 6.0%

contribution to GDP (2020), Over 1 million jobs created and sustained (2020), Over 1.4 million SMEs and enterprises on M-PESA, A total of 5.2 million subscribers.

The COVID-19 pandemic reinforced Safaricom PLC's belief that they cannot succeed in isolation. Feedback from their stakeholders indicates that the connections they enabled and intensified throughout the pandemic helped them in innumerable ways. Safaricom PLC worked with regulators on the allocation of additional spectrum to meet the spike in demand for internet services as most of its customers transitioned to working from home. They upgraded 1045 sites to 4G to meet the significant increase in demand for mobile data, driven by its customers continuing to work from home and needing to stay in touch during the pandemic. (2021 sustainable business report)

Safaricom waived the transaction fees for amounts below KSh 1000 up to 31 December 2020 — 1.7 billion zero-rated transactions valued at KSh 4.38 trillion. They also worked with the Central Bank of Kenya to double mobile money transaction and wallet limits to facilitate digital payments and reduce the usage of cash to better manage the spread of COVID-19. Safaricom PLC doubled fiber speeds, thereby enabling customers to work from home more efficiently. Partnered with Longhorn, Viusasa Elimu, Shupavu- Eneza and the Kenya Institute of Curriculum Development (KICD) to help learners access education from home. There were 15 million downloads of the 100MB affordable bundle. (2021 sustainable business report).

1.3 Statement of the Problem

With wide spread of coronavirus pandemic across all nations, changes in consumer requirements for all industries, and the telecommunication industry has not been left out. In times of pandemic and uncertainty, clients expect self-service, omnichannel, and instant communication more than ever. They also look for fast and seamless data connections and immediate resolves to any network issues experienced.

To meet consumer demands and stay on top of the situation, telcos readjusted their business strategies. Many had to speedily embark on journeys to become digital service providers.

Some studies have been carefully conducted on competitive strategies and the performance of firms during the Covid-19 pandemic. For instance, Forest (2021) carefully examined the Early Impact of COVID-19 on Telecom Industry competitive strategies, in 2020 the industry all over the world experienced the 5G network experiencing effects of supply chain and logistics interruptions, as well as reduced customer interactions. The challenges made Mobile operators announced delays to planned 5G launches, postponing them into the latter half of 2020 or 2021.

At the end of Q1 and throughout Q2, revenues in the telecommunications sector had declined because of the broader economy being affected throughout the pandemic. On the path to recovery, the sector saw potentially interminable upside gains. As of the second half of 2020, 5G networks became commercially available throughout 39 countries from 87 different mobile operators. This was due to the increase of consumers and households contracting integrated bundle services, and the power of connectivity was recognized across all levels of society.

Firms started reopening strategies and adjusting operational models by adopting new technologies that would help with efficiency gains. Pandey et al (2021) sought the factors to determine the influencing of organization success using a case study of Walmart, the study found that the performance of superior firms in the market was influenced negatively by competitors, the study, however, did not focus on cost leadership. Macharia (2021) examined the influence of competitive advantage in telecommunication companies in Kenya. The study highlighted how innovation strategies influence competitive advantage especially product transformation, process

innovation, technological revolutionary, and market pioneering. The findings concluded that innovation strategies were well harnessed, provide a platform for achieving competitive advantage over the long term.

These studies did not narrow down to telecommunication firms in Kenya hence the need to undertake the current study. This study, therefore, will investigate the effect of competitive advantage on the financial performance of telecommunication companies in Kenya post covid pandemic.

1.4 Purpose of the study.

The overall purpose of this study will be to investigate the effects of competitive strategies on the financial performance of telecommunication companies in Kenya using Safaricom PLC as a proxy for telecommunication companies in Kenya.

1.5. General Objective

The general objective of this study will be to examine the effect of competitive strategies on the financial performance of telecommunication companies in Kenya. A case of Safaricom PLC**.**

1.5.1 Specific Objective

i. To determine the effect of cost leadership strategy on the financial performance of telecommunication companies in Kenya.
ii. To examine the effect of differentiation strategy on the financial performance of telecommunication companies in Kenya.
iii. To investigate the effect of market focus strategy on the financial performance of telecommunication companies in Kenya.
iv. To find out the effect of strategic alliances on the financial performance of telecommunication companies in Kenya.

1.6 Research Hypothesis

Based on the specific objectives, the following null hypothesis will be tested.

Hypothesis no.1

H01: There is no significant relationship between Cost leadership and the financial performance of telecommunication companies in Kenya.

Hypothesis no. 2

H02: There is no significant relationship between differentiation strategy and financial performance of telecommunication companies in Kenya.

Hypothesis no. 3

H03: There is no significant relationship between Market focus strategy and financial performance of telecommunication companies in Kenya.

Hypothesis no. 4

H04: There is no significant relationship between a firm's strategic alliance and the financial performance of telecommunication companies in Kenya.

1.7 Significance of the Study.

The findings of the study will be beneficial to various stakeholders. Stemming from on the findings of the study, the management of Safaricom Limited will implement corporate strategies from a knowledgeable position. Firms and managers will use this study to determine the role those different competitive strategies have in increasing company's performance, profitability, and growth trends in the market. In the long term, it will offer the firm with emphasis and direction by identifying the best opportunities worth pursuing as well as the threats to be avoided. Scholars and researchers will use this as a good basis for further research on business competitive strategies, especially in Kenya. The findings will also be used as a source of reference for other researchers. This study will also add onto other studies that have been done to show the relationship between competitive strategies and financial performance

touching also how covid 19 had had an impact on the industry.

The findings of this research will also assist government representatives and sector regulators as they go about framing policies that affect the telecommunication sector in a way that may endorse healthy competition among the organizations but also help them grow their revenues and maximize profits. To investors, the study may also be substantial as it may help them to make well-informed investment choices. This may assist them in building their investment portfolios in the capital market.

1.8 Scope of the Study

There are four telecommunication firms in Kenya, however, this study will focus on only one registered mobile phone company in Nairobi County Kenya namely s Safaricom PLC, which has been existing since 1999. Then focus group are the firms' managers categorized into three levels: top, middle, and lower-level managers. The three groups are the respondents since they are involved in policymaking and operation. The resources at the disposal of the researcher will limit the scope of the study location to Nairobi County, where managers of the network provider are based at their head office in Westlands. The study will use four variables: Independent variable cost leadership, mediating variable: product differentiation, moderating variable: focus and strategic alliance, and dependent variable financial performance (profitability and market share).

1.9 Limitations of the Study.

The scope of the study could be a limiting factor in that only Safaricom PLC participates in the study out of the four major mobile telephone service providers, namely Safaricom, Airtel, Finserve, and Telcom Kenya. The findings may therefore not be representative of the whole population of the mobile telephone service

providers. However, the sampling technique ensured that each respondent had a non-zero chance of being not selected to participate in the study. Though the researcher was determined to undertake the study to completion within the given period, their various constraints are anticipated. The time allocated for data collection may not have been sufficient to enable the respondents to complete the questionnaires as accurately as possible, considering that they are at the same time carrying out their daily duties and priority is of the essence and the current dynamic work charges brought about by the covid pandemic. The researcher administered the info collection tools to only the sampled respondents, however, this was practically impossible as several of the sampled group were either too busy, inaccessible due to working from home, strict meeting protocols due to covid 19 or away on official duties. Due to the current Covid pandemic, it was difficult for the researcher to visit Safaricom premises to talk to the sample group, in adherence to the covid 19 laid out measures. The researcher sent emailed questioner, used online platforms, and made phone calls.

1.10 Theoretical framework

This study was anchored on two theories that support the specific objectives outlined in the proposal. The two theories are namely the resource-based view theory and the Porter Five Force theory. Each of these theories is discussed in the following subsection.

1.10.1 The Resource-Based View Theory

The resource-based view is a management framework used in determining the strategic resources a firm can utilize to realize sustainable competitive advantage y S. G. Kim and S. H. Lee (2021) Why this? This is because The RBV focuses managerial

attention on the firm's internal resources to identify those assets, capabilities, and competencies with the potential to deliver superior competitive advantages

The resource-based view (RBV) is a basis for the competitive advantage of a firm that lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal (Collis and Montgomery, 2004). The RBV isolates idiosyncratic resources that are complex, intangible, and dynamic within a particular firm which can be utilized by the firm to gain and sustain competitive advantage S. G. Kim and S. H. Lee (2021). The bundles of resources that are distinctive to a firm give it an edge that other firms may not easily copy hence providing sustainability of the competitiveness R. M. Al-Hajjar and M. A. Obeidat (2020). The basis of the RBV is that successful firms will find their future competitiveness on the development of distinctive and unique capabilities, which may often be implicit or intangible R. M. Al-Hajjar and M. A. Obeidat (2020). The firm’s unique resources and capabilities provide the essence of strategy. S. G. Kim and S. H. Lee (2021) argues that if all the firms were equal in terms of resources, there would be no profitability differences among them because any strategy could be implemented by any firm in the same industry. The RBV suggests that competitive advantage and performance results are a consequence of firm-specific resources and capabilities that are costly to copy by other competitors. Therefore, in an organization’s effort to gain a competitive advantage, it is important to establish the resources owned by the company and how such resources can be tapped for the given organization’s competitive advantage.

The Resource-Based View (RBV) examines and explains the internal resources of the organizations and stresses the resources and capabilities in developing a strategy to promote sustainable competitive advantages. Resources may be regarded as inputs that enable firms to carry out their activities. Internal assets and capabilities to decide

on the strategic choices made by firms while competing in their external business environment. Firm's abilities also allow some firms to add value in the customer value chain, develop new products, or expand in new marketplace hence the link to this study the effect of competitive strategy on the financial performance of telecommunication companies in Kenya supported using cost leadership strategy, differentiation strategy, and strategic alliance strategy.

In the '90s, Gary. H and C. K. Prahalad (2010) added to this debate challenging Porter's ideas by advocating that companies should focus on building "core competencies" that could create competitive advantages in a variety of markets. They argue that only competencies which are difficult to copy make a company sustainable competitive and therefore a company that positions itself and then develops the needed competencies will have its recently acquired competencies easily copied and therefore the advantage will not be sustainable. By undertaking this research, the researcher will demonstrate how Safaricom PLC utilizes its resources to realize a sustainable competitive advantage. This theory underpinned all the hypotheses of this study.

1.10.2 Porter Five force theory

Porter's five forces help to spot where power lies during a business situation. This is useful both in understanding the strength of an organization's current competitive position and therefore the strength of an edge that an organization may look to maneuver into.

The theory was used in this study to know whether new products or services are potentially profitable. By understanding where power lies, the idea also could be used to identify areas of strength, enhance weaknesses, and avoid mistakes. It will help organizations to know the factors affecting profitability during a specific industry and

may help to tell decisions relating to whether to enter a selected industry, whether to extend capacity during a specific industry, and develop competitive strategies.

Porter (2015) postulates that the five competitive forces are entry barriers, the threat of substitution, bargaining power of buyers, bargaining power of suppliers, and rivalry among existing firms. He further argues that each one of the five competitive forces jointly determines the intensity of industry competition profitability. Hence the strongest force or forces are governing and become crucial from the purpose of strategy formulation. Barriers of entry are among the factors that challenge the entry of an organization in each market. Barriers arise from various sources like economies of scale where a corporation choosing to enter a market on large scale may face retaliation firms or when it chooses to enter on a small scale it may end up making losses. Product differentiation is another source of barriers to entry means existing firm have already got brand identification and customer loyalty. As a result, an organization must heavily invest in brand recognition a move that leads to an increase in startup losses. The high capital requirement also tends to discourage many firms where such capital could also be to hide the advertising cost, research, style, Inventory, promotions, etc. High switching cost also creates a barrier since firms meaning to enter the market could also be forced to reinforce their products or lower cost.

The other competitive force is barriers to entry. According to Andrew.l (2023), this are obstacles or hindrances that make it difficult for new companies to enter a given market. These may include technology challenges, government regulations, patents, start-up costs, or education and licensing requirements. Any move by a firm may elicit retaliation from the competitors. Substitutes are products that can accomplish the same function. Given that firms during a given industry produce related products, the

liability with which prices are often escalated is minimal. This, in turn, limits the profits that a firm can realize. Most consumers are price sensitive thus if an organization increases its price, the consumer will easily switch to a cheaper product. In some markets, buyers' dominance can heavily influence market dynamics. Buyers in such a case tend to possess a high bargaining power. This Bargaining power of buyers arises when buyers tend to shop in large volumes relative to a seller or when the merchandise in question is standardized or undifferentiated. Hence, such buyers tend to influence the price or threaten to modify to a different supplier. The situation is made worse if such buyers have a high potential to integrate backwardly thus raising the tendency to bargain.

The link to this study on the influence of competitive strategies on the financial performance of telecommunication companies in Kenya according to Porter's framework is to analyze a company's competitive environment. The number and power of a company's competitors, prospective new market entrants, suppliers, customers, and substitute products have an impact on a company's profitability. Five Forces analysis can be used to guide business strategy to increase competitive advantage, using cost leadership strategy, differentiation strategy, and focus strategy. In recent years, the P5F framework has come under fire. Scholars have raised several shortcomings. For example, Lee et al. (2012) argue that the framework is difficult to operationalize, while Narayanan and Fahey (2005) question the framework's validity. Some believe that the framework has already become frozen in time (Thyrlby, 1998; Grundy, 2006). Others point out that it has a specific emphasis on large organizations (Bruijl, 2018) and value chains over ecosystems (Keen & Williams, 2013). In this study, the researcher's task will be to analyze the theory in relation to the case study

Safaricom PLC being a large organization. Previous critics align the theory to large organizations. This theory underpinned all the hypotheses of this study.

1.11 Conceptual Framework

A conceptual framework is a schematic presentation that identifies the variables that when put together explain the issues of concern. The conceptual framework is, therefore, the set of broad ideas used to explain the relationship between the independent variable(predictors) and the dependent variable(outcome). The conceptual framework provides the link between the research title, the objective, the objective, the study methodology, and the literature review (Creswell, 2003). This study adopted concepts generated by strategic theories and conceptualized them into a framework to explain the relationship between the independent variable (predictors). Such as cost leadership, differentiation strategy, focus strategy, and strategic alliance and how they affect the performance of Safaricom ltd as shown in Schematic.

The cost leadership strategy was adopted by Safaricom PLC (low price, product cost, develop a new product, broad market, reduced operation cost, economic of scales, Smart procurement, Automation, digitization, and operating model transformation).

Differentiation strategy (innovation/inversion, product-level differentiation, branding service pre-scale and post-sale, offering a variety of products at the point of service of customer interaction).

Focus strategy (firm seeks a cost advantage in its segment market, provides unique and desirable features).

A strategic alliance (partnerships, strategic alliances, joint ventures, horizontal integration vertical integration all affect the performance of the organization.

Financial performance - Return on investment for research and development, Revenue growth ratio, customer accusation ratio, Profitability

Conceptual framework

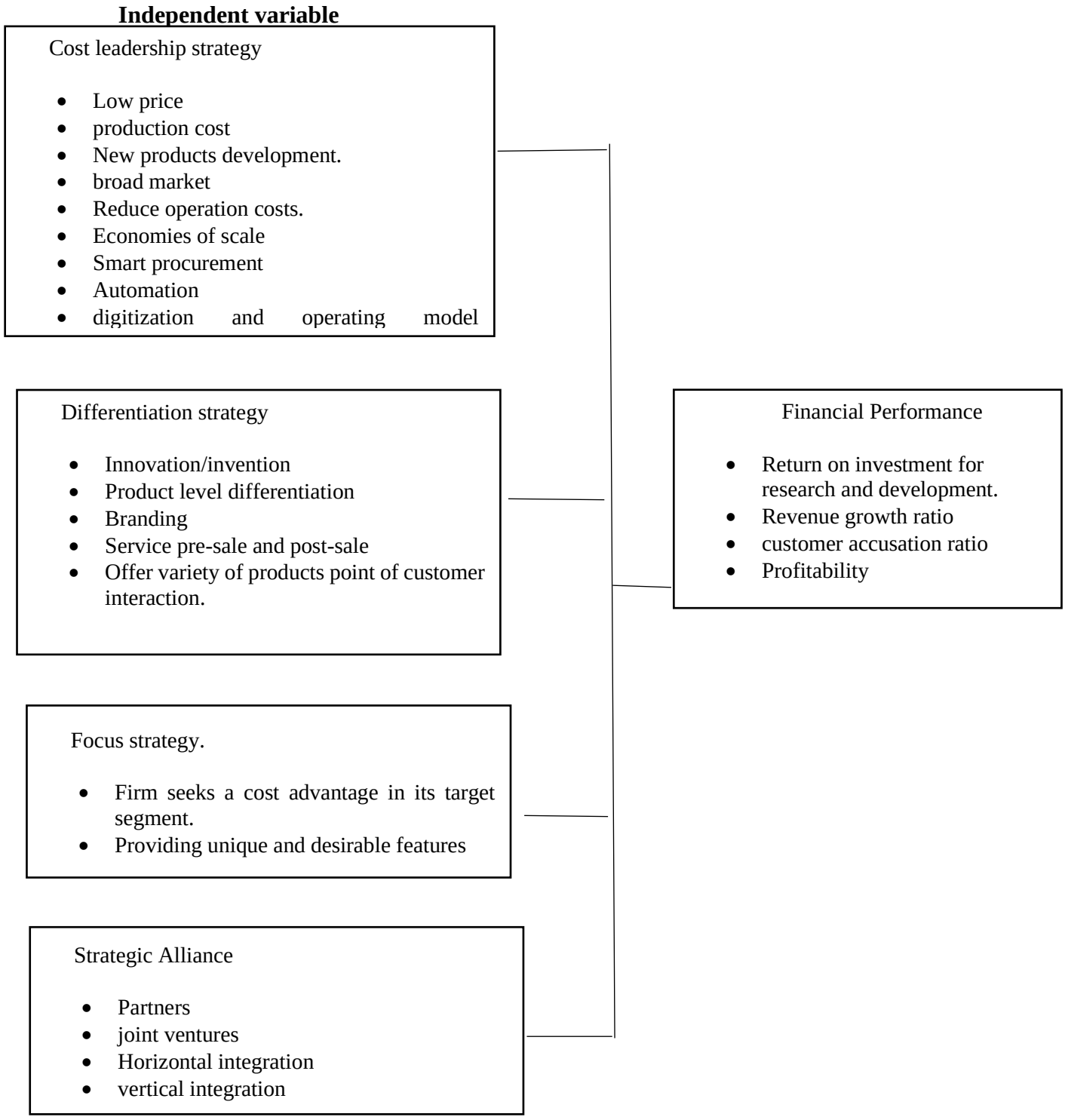


Figure 1.1 Source: Author (2021)

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the empirical literature reviewed. In the empirical literature, the relationship between independent and dependent variables will be discussed. Knowledge gaps in each study will be identified and the relevance of the current study in bridging the research gap presented at the end of this chapter.

2.1.1. Cost leadership strategies and financial performance

To determine the effect of cost leadership strategy on the financial performance of telecommunication companies in Kenya. Cost leadership can be explained as a competitive strategy that consists of a set of integrated actions taken to produce goods and services with features that are acceptable to customers at the lowest cost relative to those of competitors (Hitt et al., 2015). Cost leadership which is also referred to as low-cost leadership is one of three main competitive strategies for outperforming competitors in the long run (Chaudhry & Gul, 2017). Cost leadership targets a broad industry-wide market and uses the cost advantage to gain a defendable position against competitors.

The primary objective of a firm aiming to attain cost leadership is to become the lowest-cost producer in comparison to the competitors. This is usually achieved by large-scale production which enables the firm to attain economies of scale or by innovating the production process. Acquiring quality raw materials at the lowest price is the basic goal of a cost leadership strategy. Further, there is an additional requirement of quality labor who'll convert these raw materials into valuable goods for the consumer. The profitability of cost leaders gives them room to innovate, maneuver, and survive as

compared to their lower-margin competitors, especially in price-centered industries. The goal of a cost-leading company is to reduce costs, and not just prices. Also, a company with the lowest prices isn't necessarily the one with the lowest costs. (Kanika Kataria July 21, 2019)

A study by Jones and Hill (2013) proposed that firms sustaining a cost leadership position constantly innovate and come up with ways of operating efficiently. Cost reduction and creating efficiency was therefore critical activities for any firm that was executing a cost leadership business model. This advantageous position was also attained through experience and learning; investment in production facilities, capturing all economies of scale and other avenues (Birjandi et. al, 2014). According to Price Waterhouse Coopers (2016), examples of cost reduction techniques that a firm could implement to manage and control its costs included, discontinuing non-essential activities that did not have cost advantages; outsourcing some activities, for example, payroll processing; intensive research and development for innovation and continuous improvement; automating processes or using technology for efficiencies; streamlining processes for operational excellence and backward vertical integration to minimize costs. These techniques would have a high initial outlay but if implemented successfully, then the benefits would outweigh the costs (Gildemeister et al., 2013)

2.1.2 Differentiation strategy and financial performance

To examine the effect of differentiation strategy on the financial performance of telecommunication companies in Kenya. Differentiation strategy involved the firm creating a product/service, which is considered unique in some respects that the customer values because the customer's needs are satisfied (Dirisu et al., 2013). Differentiation was characterized by innovation and rapid response to customer needs. According to Mahdi et.al (2015), the core of this strategy was innovation. To cope

with competition in the industry and constantly meet changing consumer needs, firms must leverage their distinctive competencies and organizational capabilities to produce new product features, products, services, and processes. Gehani (2013) emphasizes that to sustain a competitive advantage these enterprises had to establish high barriers to entry for their rivals by going beyond their incremental improvements and transforming themselves into radically innovating enterprises with protected proprietary intellectual property or unique distribution channels.

Zehira, Canb, and Karabogac (2015) found that from the beginning of the millennium, due to the speed of globalization, the intensity of competition had increased and as result firms were focusing more on formulating and executing business models that would give them a competitive edge over other industry players. Many organizations opted to innovate to cope with changing lifestyles, tastes, and preferences and this led to the push to differentiate products and services from those of competitors. There were varied approaches to achieving differentiation. Yang (2013) in a study on innovation in the Chinese tourism industry described innovation as one of the pillars of the differentiation that drove competitiveness in a firm. According to the Organization of Economic Cooperation and Development (2017), innovation referred to the introduction of a good or service that are new or significantly improved concerning its characteristics or intended uses. These significant improvements included technical specifications, components, and materials, incorporated software, user-friendliness, service experiences, or other functional and aesthetic characteristics. According to Awwad, Al Khattab, and Anchor (2013), most manufacturing concerns considered quality to be a competitive marketplace weapon. This was because quality as an aspect of differentiation created a competitive advantage when products and services meet or exceed customer needs and expectations. Fields et. al (2014) while citing Garvin's

Comprehensive framework, defined quality as the degree of excellence of a product or service. They presented eight dimensions for measuring quality. These included performance, features, reliability, conformance, durability, serviceability, aesthetics, and perceived quality. The pursuit of high quality in differentiation improved product attractiveness which consequently leads to an increase in sales and brand loyalty. Other features of a differentiation strategy included brand positioning, innovation in marketing techniques, control of distribution channels, advertising campaigns, intensive research, and development, improving brand image and company reputation (Zehira et al., 2015)

2.1.3 Focus strategy and financial performance

To investigate the effect of market focus strategy on the financial performance of telecommunication companies in Kenya. Focus methods were assigned to assist a firm target a particular niche. Unlike each affordable leadership and differentiation method that was designed to focus on a broader or industry-wide market, focus methods aimed at s specific and generally tiny niche. These niches may well have been a specific purchaser cluster, a slender phase of a given line of merchandise, a geographic or regional market, or a distinct segment with distinctive, special tastes and preferences. The firm's approach was to specialize in its firm's activities in that throughout that diverse broader-line, however, Superior value and thus higher profit, were generated once alternative broader-line firms could not specialize or conduct their activities yet as a targeted firm. If a distinct segment or segment had characteristics that were distinctive and lasting, then a firm could develop its own set of barriers to entry in much an equivalent way that large reputable firms did in broader markets.

A firm which followed this strategy did not necessarily charge the lowest prices in the industry. Instead, it charged low prices relative to other firms that compete within the target market (Fathali, 2016). On the other hand, firms that competed based on uniqueness and targeted a specific market niche were following a differentiation focus strategy (Tanwar, 2013). According to the results of a study carried out by Pulaj et al. (2015), a focused strategy aimed at securing a competitive edge based on either low cost or differentiation becomes increasingly attractive as some critical conditions were met. Some of the conditions include: - a big enough target market niche to be profitable and one that offers good growth potential. The market niche should not have been popular with other industry players otherwise there will be intense jostling for market share which could quickly erode revenue. Fathali (2016) supported this premise by emphasizing that barriers of entry would protect a firm that was executing the focus strategy since it was costly or difficult for multi-segment competitors to put capabilities in place to meet the specialized needs of buyers within the target market niche and at the same time satisfy the expectations of their mainstream customers.

A cost focused firm could therefore attain and sustain competitive advantage if it analyzed its market niche understood how to meet its needs and respond rapidly to unique customer dynamics. Other key factors of success that a cost focuser should have considered included excellence in operational efficiency, customer service, cost reduction, use of technology and focus on quality (Wagner, 2013). An advantage of the focus strategy was that industries have many different niches and segments available, thus a cost focused firm could select a competitively attractive niche that matched its resource strengths and capabilities. (Lappersonne, Shangavi, & De Mattos, 2015).

Kombo (2008) in a study on the motor industry found that firms had to make significant adjustments in their strategic variables to survive in the competitive environment. The

firms introduced new techniques in development, differentiated their products, segmented, and targeted their customers more, and improved customer service. Karanja (2012) observes in a study of real estate firms in Kenya that an increase in the number of players has led to increased competition. The most popular type of competitive strategy was based on focused differentiation. Firms attended target certain levels of clients especially the center and upper crust who resided in certain targeted estates.

2.1.4 Strategic alliance and financial performance

To find out the effect of strategic alliances on the financial performance of telecommunication companies in Kenya. Strategic alliances square measured more and more changing into well-liked day by day. To achieve competitive benefits corporations, mixed their assets and capabilities in a very cooperative policy that is termed as a strategic alliance. A strategic alliance was regarded as an essential source of resource-sharing, learning, and thus a competitive advantage in the competitive business world. Management of alliance and value creation to achieved competitive advantage was extremely important in strategic alliance (Ireland, Hitt, & Hokinson, 2015). This involved firms exchanging and allotment of resources and capabilities to co-develop or dispense goods or services (Kale, Singh & Perlmutter, 2010). This study shows that Strategic alliances have developed from a choice to a necessity in many markets and industries.

Variation in markets and requirements resulted in increasing use of strategic alliances. It is of essential importance to integrate strategic alliance management into the general corporate strategy to advance products and services, enter new markets, and leverage technology and Research & Development. Nowadays, global companies have many alliances on inland markets also as global partnerships, sometimes even with competitors, which results in challenges like maintaining competition or protecting own

interests while managing the alliance. Presently managing an alliance focused on leveraging the differences to generate value for the customer, handling internal challenges, managing daily competition of the alliance with competitors, and Risk Management which has turned into a company-wide concern.

The accomplishment of competitive benefits might not be attainable by one firm itself because it does not possess the desired all resources and information to be entrepreneurial and innovative in dynamic competitive markets. Inter-organizational relationships produce the chance to share the resources and capabilities of corporations whereas operating with partners to develop extra resources and capabilities because they operate for brand spanking new competitive advantages (Kuratku, Ireland, & Hornsby, 2011).

Alliances also brought together technology and skills that would otherwise have taken a large amount of time and money for each firm to develop. For example, the alliance between Google and Huawei enabled the development of low to high-end smartphones of Huawei phones running on android (Google) software.

Alliances also aid firms to obtain access to specific markets. Rather than buy a foreign company or build breweries of its own in other countries, Anheuser-Busch chose to license the right to brew and market Budweiser to other brewers, such as Labatt in Canada, Modelo in Mexico, and Kirin in Japan. The alliance of coco cola Inc. with local bottling mergers in the global market and even in India. .(BrainKart, LLC.2017)

To reduce the risk of financial investment a company may have join hands with another company or companies Because the costs of developing a large new jet airplane are becoming too high for any manufacturer, Boeing, Aerospatiale of France, British Aerospace, Constucciones Aeronautics of Spain, and Deutsche Aerospace of Germany planned a joint venture to design such a plane. .(BrainKart, LLC.2017)

In 2014, Safaricom entered a strategic alliance with Qatar Airways. The alliance launched a service that would enable customers to purchase their Qatar Airways tickets using M-PESA (Payments Afrika, 2014)).Political risk is another important factor. Besides cultural factors, political factors are complex and difficult to manage. International Firms prefer to tie up with a local firm to find ways of overcoming such risks.To gain access to China while ensuring a positive relationship with the often-restrictive Chinese government, Maytag Corporation formed a joint venture with the Chinese appliance maker, RSD. (BrainKart, LLC.2017)

2.2 Empirical Review

Business performance can be a subset of organizational effectiveness that encompasses operational and financial outcomes. It is through various competitive strategies that an organization can enable an improvement in its growth. Various scholars have continued to link the performance of a firm to its various strategies. They include the below.

2.4.1. Cost leadership strategy and financial performance

During the past few decades, the importance of implementing a competitive strategy has been well recognized in many organizations. This study examined the influence of cost leadership competitive strategy on a firm's performance Study results from the direct relationship between cost leadership strategy and firm financial performances, Empirical results concluded that continuous excellent customer service, product improvement, value addition, and supplier management have a significant impact on firm financial performance. Therefore, for a firm practicing a cost-leadership competitive strategy, a clear understanding and a strong focus on quality management provide maximum profits and hence competitive sustainability.

A study by (Pandey et al., 2021). Sought to seek the factors Influencing Organization Success: A Case Study of Walmart. The quantitative research method was applied in

the study, porter's five forces theory was used. The data were collected using quantitative methods by online survey consisting of multiple-choice questions and designed rating scale questions. A probability sample was used to select participants of this research. Relevant and statistical inferences were created from the respondent's opinions. The data were analyzed and discussed by this method. The survey was conducted online via Google Form and the number of total participants was 100 respondents.

The participation of respondents was fully voluntary. Walmart is one of the largest retailers offering a variety of products by providing well-known brand names and its private label brand to fulfill customers' needs. As a result of Walmart's influence, supplier profit increases by 17.77%, supplier shipment increases to 45%, and 8 of 10 shoppers are preferred to shop at Walmart due to its wide variety of products. Walmart offered consumers a one-stop shopping experience as they could shop and purchase with a wealth of products without visiting multiple grocery stores. There was a contextual gap as the study focused mainly on cost leadership. This study looked at a superior firm in the market and what influenced its success from competitors same to the current study on Safaricom PLC being the market leader and having success. This study did not look at the financial performance and it was a different industry hence the reason for the current study.

Another study According to Nyauncho and Nyagara (2015), who carried out a study on the impact of cost leadership on the performance of liquefied petroleum gas companies in Kenya. The study adopted Porter's Generic Competitive Strategies. The study used a survey design and targets a population of 175 which comprise 10 station managers, 40 departmental heads, 20 supervisors, and 105 employees. A sample size of 64 was selected using stratified sampling. The study used questionnaires and

interview schedules as data collection instruments. Data analysis was carried out using descriptive statistics such as Spearman rank coloration, means. Pearson's product-moment correlation coefficients were used to assess the degree of linear relationship among competitive strategies and between competitive strategies and performance of the liquefied petroleum gas companies. The study concluded that cost leadership influences the performance of LPGCs performance enabling the company to reduce price leading to a high volume of sales visa a-visa profit margin, increase in service delivery, less return inwards, reduced operational costs, and reduced wastages. The core philosophy of the cost leadership strategy requires that whilst controlling costs to maintain low prices; firms should ensure quality and customer preferences are not compromised. There existed an empirical gap in this study as the theory used did not paint the entire picture of competitive advantage. The study did not investigate the financial performance aspect hence the reason for conducting the current study.

Also, Akingbade (2015) conducted a study on from125 respondents in selected telecommunication companies in Nigeria on the influence of competitive strategies on their performance. A survey research design was adopted to hold out the study. A questionnaire was designed and validated through construct validity and tested for confirmation. The study focused on the evaluation of business strategies and performance in selected Nigeria telecommunication companies. The study establishes the importance of each of the competitive strategies on the crucial factors affecting the telecommunication performance indices despite local and global challenges facing the economic business environment. Since its establishment, the four major telecommunication companies had made a significant profit from their investment. Nevertheless, despite all the efforts made through the provision of competitive strategies to improve customer satisfaction, retention, and loyalty, the customers have

not sufficiently enjoyed improved services. This study examined the influence of cost leadership in firm performance by managers adopting new changes of technology, utilizing their capabilities to gain competitiveness.

Firms seeking a strategy of cost leadership will gain more from the use of leverage in terms of the heightened managerial efficiency that resembles being monitored by lenders. The results showed that there is a relationship between competitive strategies, their constituents, and the financial performance of telecommunication companies. It is advised that universal mobile telecommunication services (UMTS) operators should adopt the culture of competitive strategies since it can influence their performance for achieving competitive advantage. According to this study, there is a lot of similarities in the competitive advantages that the telecommunication companies should adopt although their settings are different because the study was conducted in telecommunication companies in Nigeria whereas this study focuses on the telecommunication companies in Kenya.

In another study of competitive strategies applied by multinational banks in Kenya, Nyatichi's (2012) study adopted Porter 5 forces. The study was conducted by a census survey in September 2009 and data was collected using a questionnaire. Sample size 100. The data were analyzed using descriptive statistics such as mean scores, percentages, and frequencies. The SPSS tool of analysis was also used. The findings indicated that for multinational banks maintain their competitive edge in the market they have largely adopted a broad differentiation strategy. The implication of the study was mainly on customer service differentiation. Customers' tastes and preferences tend to change all the time, especially if offered with better products. This, therefore, calls for the banks to set up a research department in their organization which can help in understanding customers' needs better so that they maintain their customers. This study,

unlike Nyatichi, concentrates on competitive strategies in the telecommunication companies in Kenya.

Additionally, Joan Onyango (2017) in her study guided by Porter's Generic Model on competitive advantage adopted by 0rganizations. A questionnaire was used for collecting primary data from the BOC Kenya customers and therefore the data were analyzed using both descriptive and inferential statistical analysis. The survey study design was used covering a stratified sample of 1500 BOC Kenya Customers obtained from the firms distributed across the 7 key industrial subsectors. The research concluded that Cost leaders generally are focused on improving existing products, services, and programs. Therefore, a potential threat to this strategy is a technological advance in the industry that makes older technologies or products obsolete. New technology can also yield a cost-benefit to new construction such that the firm finds itself

with high sunk costs in facilities and process R&D. In this study, there are similarities in that cost leadership has been adopted as a competitive strategy. This study focuses on telecommunication companies in Kenya and their financial performance while Joan's study focused on BOC Kenya.

Another danger in the cost leadership strategy is that competitors might be willing to live with even lower profit margins. This could result in price wars between companies pursuing cost leadership in the same industry. Outcomes of such price wars reduce competition and innovation. Consumers lose diversity in the supply of products and services. Companies lose with the forced reduction in profit margins.

2.4.2 Differentiation strategy and financial performance.

A study by Mwanaki (2018). The competitive strategies adopted by mobile phone service providers in Kenya. A census survey of the descriptive design was used. The target population comprised all four mobile phone service providers in Kenya. The research was mainly carried out using primary data which was collected by way of a semi-structured questionnaire. Descriptive statistics were used to summarize and organize data in an effective and meaningful way. A narrative summary of the open-ended questions was made. The statistical package for social sciences (SPSS) was used to analyze the responses as secured from the five-point Likert scale. The study found out that the Differentiation strategies adopted were new product and service development, customer service, branding, provision of product and service information, value-added services, continuous upgrading of services with a view of attracting and retaining customers, and engaging highly competent staff, a wide range of products and services, intensive staff training, positioning, community involvement, and increased advertising. This study shows that differentiation strategies are based on providing buyers with something different or unique, that makes the company's strategic positioning, product, or service distinct from that of its rivals. In impact, differentiation creates a competitive advantage by making customers more loyal - and less price-sensitive to a given firm's product/service. The study did not touch on the financial performance hence the current study.

Another study carried out by Ronneby & May (2006) was conducted on the three mobile phone operators in Colombian telecommunications. The study adopted Porter's three generic strategies; The study looked at business strategies the Colombian mobile phone operators are implementing to their companies to make it successful. The most important finding we can draw from their research is that Porter´s three generic

strategies, mainly the differentiation strategy, still are frequently used in the Colombian telecommunication market. Another finding is that a high-speed changing environment, such as the Colombian market, stresses that the operators combine and integrate their strategy with other secondary strategies to become successful. They cannot, as Porter says, only depend on one strategy. The study was done in Colombian the current study will be done in Kenya which has a different cultural context.

Aliqah's (2012) study also examined the empirical evidence between differentiation strategy and organization performance among Jordanian manufacturing firms. The study used primary data which was collected employing a closed-ended questionnaire. The study adopted 20 measures of product differentiation strategy by using Chenhall and Langfield-Smith's (1998) five product differentiation tools, "providing high-quality products, fast deliveries, making changes in design, and presenting new products and providing unique product features". Factor analysis was used to combine the parameters and form a single index. the performance of the organization was operationalized as return on assets, sales growth rate, cash flow from operations, customer satisfaction, product quality, and market development, all of which were measured employing a five-point Likert scale whereby the respondents were requested to indicate the effect of every about differentiation. The results of the study revealed that there was a positive and significant relationship between differentiation strategy and organizational performance. The study used manufacturing firms in Jordan, while this study will be on telecommunication firms in Kenya.

In addition, Jeff Bordes (2009) in his paper on building and sustaining competitive advantage. Discussed a huge disadvantage related to differentiation is that other firms may plan to “out differentiate” firms that have already got unique products by providing the same or better product. Hence, differentiation strategies, while effective in

generating customer loyalty and better prices, do not completely seal off the market from other entrants. Consider the marketplace for steak sauces within the food industry. Once a competitor develops a specific flavor of condiment, its rivals can easily meet that challenge with their offerings. Excessive product proliferation can even hurt a firm's plan to dedifferentiate, since customers may become confused with the big variety of offerings.

2.4.3 Focused strategy and financial performance

A study by Oyedijo (2012) on strategic agility and focused on performance in the Nigerian Telecommunication Industry, data was, generated from nine (9) firms in Nigeria's telecommunication industry Strategic agility data were generated from the questionnaire that was completed by members of the Top Management Team (TMT) of each company The study Used the triangulation analytical technique involving correlation, multiple correlations, ANOVA, independent sample test and Scheffe unplanned test, revealed that it impacts the focused performance of media transmission firms in Nigeria and that there is a big connection between strategic agility and competitive performance.

The study conclusion was that the financial performance and growth of firms in Nigeria are significantly affected by the mode of diversification used and recommends that Nigerian firms that are seeking sustainable fast growth and superior performance should pursue either a related product-market diversification strategy or a specialization strategy. In this study, we will be also focusing on financial performance and like https://www.youtube.com/yedijo which indicates that competitive advantages do have a big impact on the financial performance in the organization.

In addition, the study by Kamau (2015) examination of competitive strategies embraced to drive industrial performance in the telecommunications industry in Kenya

entailed information gathering from the nine telecommunication firms in Kenya: Safaricom Ltd, Airtel Kenya, Telkom Kenya, Jamii Telkom, Access Kenya, Liquid Telkom, Internet Solution, MTN Business and Wananchi Group. The study revealed companies in the telecommunication industry embrace different techniques including differentiation, cost initiative, and market focus to obtain and maintain a competitive advantage. The study further concluded that the cost strategy was visible in the organizations, and they modify it from time to time when it was not successful anymore. This study found the relationship between market focus strategy and the performance of telecommunication companies in Kenya. The study showed that firms that choose to employ market focus strategies should concentrate on a narrow segment and within that segment attempt to achieve either a cost advantage or differentiation. Keywords: Market focus strategy, organizational performance, profitability, market share. While the study was on industrial performance this study will be on the financial performance of telecommunication firms in Kenya.

The study by Akin Tokunbo (2018) also focused on the link between market focus strategy and organizational performance of telecom companies in Port Harcourt. The study utilized a cross-sectional design involving the management staff of 4 telecommunication companies in Port Harcourt. The population was 134 and a sample size of 100 was obtained through the Taro Yamane formula for sample size determination with the straightforward random technique used. The study recommended that firms that like better to employ market focus strategies should consider a narrow segment and within that segment decide to achieve either a price advantage or differentiation. This study focuses on the influence of the competitive advantage of telecommunication companies in Kenya on financial performance and the

study shows there is a significant relation between focus strategy and organization financial performance.

Additional, according to a journal by Masela (2011), the risks of emphasis are many and include the following: The chance that competitors will find ways to match the focused firm in serving the narrow target market, the potential for the niche buyer's preferences and needs to shift toward the product attribute desired by the market as a whole; such erosion opens the way for rivals with broad market appeal and the chance that the segment will become so appealing that it becomes inundated with competitors, causing profits to be splintered.

2.4.4 Strategic alliance and financial performance

The study carried out by Ferdinand (2012) examined the impact of strategic alliances on the organizational performance of Tesco Company in the United Kingdom. The research surveyed 230 employees in numerous company departments, the findings concluded that the adoption of strategic alliances had a role in enhancing performance. It also found that strategic alliances contributed to the reduction of costs while increasing value. However, there is a knowledge gap in this study as most of the sampled population were not key decision-makers in the respective organization hence information given might have been biased.

Another study carried out by Medforth (2020) sought to investigate the effects of strategic alliance practices on the organizational performance of selected energy companies in Kenya. The study adopted the balanced scorecard (BSC) model, resource-based theory, knowledge and social exchange theory, and transaction theory. The study used a descriptive research design and conducted a cross-sectional survey of employees in selected energy companies in Kenya. The target population of the study was 22 energy companies of which 88 respondents were selected through a sample. The study

was based on primary data, which was collected with the help of questionnaires that were administered by the researcher. The study established that strategic alliance practices influence the overall organizational performance of selected energy companies in Kenya. The Knowledge gap was that there was a contextual gap as the study looked at the overall organizational performance of the energy company, while this study focuses on the effect of competitive advantage on the financial performance of organizations. The study focused on energy companies in this study the focus will be on telecommunication companies.

Another study on strategic alliances by Nzengya (2013) did was among commercial banks in Kenya. The objective of this study was first to ascertain the main drivers of strategic alliances within the banking sector in Kenya. The other purpose was to establish the benefits and challenges of strategic alliances in the banking sector in Kenya. A literature review was gathered from various sources with more emphasis on more current literature from well-known authors in strategic management. The research design used was a descriptive survey design. The data collection tool used was a questionnaire with closed and open-ended questions guided by the contents of the literature review and aimed toward achieving the set objectives. The study revealed that mergers were the foremost popular sort of strategic alliance within the banking industry in Kenya. The major motives for strategic alliances were profit and revenue maximization as well as gaining a competitive advantage. The study recommends that the banks venture into non-aligned partnerships to diversify and spread risks. There existed an empirical gap in this study as the theory used did not paint the entire picture of how strategic alliances affect financial performance. This study will focus on the competitive advantages of telecommunication companies in Kenya.

In addition, despite the popularity and advantages associated with strategic alliances that have seen many banks rush to make strategic alliances, few have succeeded. It has been projected that the failure rate of strategic alliances might be as high as 70%. Arend and Amit, (2005) have demonstrated that somewhere around 30% and 70% of cooperation's fizzle, they neither meet the objectives of their parent organizations nor convey the operational or vital advantages they imply to offer (Bamford et al., 2004)

2.4. 5 Financial Performance

Basher and Tarabieh (2011) examined the connection between customer orientation, innovation differentiation, market differentiation, and organizational performance within the banking system in Jordan. The survey targeted executive management of 16 Jordanian banks since banking was one area that had experienced rapid transformation due to market deregulation and increasing global competition. The whole target population of 227 managers was used in the study with an 82% response rate. Questionnaires were administered to all managers and the four latent constructs were examined using a structural equation and confirmatory factor analysis. The results showed that customer orientation contributes positively to an organizational performance by providing innovation differentiation and market differentiation. Another finding of this study was that the impact of innovation differentiation on organizational performance was greater than market differentiation. Also, doing both innovation differentiation and market differentiation simultaneously achieves a greater competitive advantage that leads to the best results in organizational performance. There was a contextual gap as the study focused mainly on differentiation strategy and in Jordan. This study will look at the telecommunication industry in Kenya.

In another study by Ngumi (2013) the effects of bank innovations on the financial performance of commercial banks in Kenya. The study focused on automated teller machines, debit and credit cards, internet banking, mobile banking, electronic funds transfers, and point of sale terminals as the independent variables. The target study units were senior managers from 20 conveniently selected commercial banks including listed and privately owned commercial banks. The descriptive research design was used to collect data and a simple random sampling technique was used to distribute questionnaires the study findings revealed that the combined effect of bank innovations influenced bank performance positively.

These findings further indicated that commercial banks in Kenya invest in ATMs because they believe that such investments yield better incomes for the banks either directly or indirectly. Debit credit cards and mobile banking were seen to influence commission fee income. Internet banking was viewed to be used by banks as a convenient platform to enable customers to transact as opposed to it being an avenue for banks to make more revenue. These findings were inconsistent with previous studies done by Pooja and Singh (2009) and Costa (2007) where they all concluded that internet banking improved bank incomes and profitability. There was a contextual gap as the study focused mainly on banks in Kenya. In this study, the focus will be on telecommunication companies in Kenya

2.3 Summary of the Reviewed Literature.

Business strategies play a crucial role in the organization's performance; the performance of an organization is determined by the business strategy it adopts. Business methods are viewed as associate degree enabler of organization growth because it streamlines internal operations and stimulates access to business opportunities and markets, enhancing business-related efficiencies and increasing

productivity and profitableness. Business strategies are undertaken to improve service delivery, increase efficiency, expand service, and channel, and meet the demands of customers for quality services. Business strategies are implemented through competitive strategies, human resource strategies, customer service strategies among many others; they can also be implemented through major functional areas such as finance, production, marketing, Information technology, and research and development departments.

2.4 Knowledge Gaps

This study examines the influence of cost leadership competitive strategy on a firm's financial performance Study results from the direct relationship between cost leadership strategy and firm financial performances, Empirical results concluded that continuous excellent customer service, product improvement, value addition, and supplier management have a significant impact on firm financial performance. Thus, for a firm pursuing cost leadership competitive strategy a clear understanding and the emphasis on quality management provides maximum profits and hence competitive sustainability. This study also shows that differentiation strategies are based on providing buyers with something different or unique that make the company’s strategic positioning, product, or service distinct from that of its rivals. In effect, differentiation builds a competitive advantage by making customers more loyal - and less price-sensitive to a given firm's product/service.

This study shows the relationship between market focus strategy and the performance of telecommunication companies in Kenya. The study showed that firms that choose to employ market focus strategies should concentrate on a narrow segment and within that segment attempt to achieve either a cost advantage or differentiation. Keywords: Market focus strategy, organizational performance, profitability, market share.

The study also showed as a result, due to strategic partnerships, businesses operate in the international markets more actively with complementary partners, gain an advantage in competition, and grow by lowering the cost and improving the quality of the product.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

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

3.2 Research Design

Research design is defined by Cooper and Schindler (2014) as a blueprint for the collection, measurement, and analysis of data. It is a map for an objective research study aimed at answering specific research questions or testing a specific hypothesis. The study used descriptive research a study designed to depict the participants accurately. This is because descriptive research is all about describing people that participate in the study. A cross-sectional survey method was used in collecting data from the respondents. In this kind of research study, either the whole population or a subsection thereof is selected, and from these individuals, data collected helped answer research questions of interest.

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

3.3 Research site and rationale

The study was be carried out in Nairobi, Kenya where the selection of the location was because Safaricom PLC operations are concentrated in this area and their head office is in Nairobi. According to Kathari (2005), the ideal setting for the study is where the researcher has an interest in and one that is easily assessable and that allows the researcher immediate rapport with the respondent.

3.4 Target population

Population refers to an entire group of individuals, events, or objects having a common observable characteristic. Safaricom PLC has 4,456 permanent employees (2021, financial report). The target population in this study was 650 employees of Safaricom PLC's head office in Nairobi Kenya. McMillan (2016) defines a population as a group of elements or cases, whether individuals, objects, or events, that conform to specific criteria and to which we intend to generalize the results of the research. According to Alvi (2016), a target population refers to all the members who meet the criterion specified for a research investigation.

He adds that a target population can be further defined as homogenous when every element is like each other in all aspects; or heterogeneous when some of its elements are dissimilar. A population of interest must be defined specifically It comprises all potential participants which will structure the study group.

Target population at Safaricom

Category	Target population	Sample size
Senior management	400	153
Middle management	100	38
Lower management	150	57
	650	248

Table 3.1

3.5 Sampling procedure

The study adopted stratified random sampling from strata that was identified in the study of the senior, middle, and low-level managers, as per Mugenda and Mugenda (2003) advice every stratum under focus should be allocated a sample size of 30%.

3.6 Sample size

The study was focused on the top, middle, and lower management staff who comprises of the senior, middle, and lower-level managers who directly dealt with the day-to-day management of Safaricom Ltd. Since they were the ones conversant with the competitive strategies adopted by Safaricom.650 respondents were targeted, and the study used simple random sampling to select a representative sample. According to Alvi (2016), a sample can be defined as a group of a relatively smaller number of people selected from a population for investigation purposes. Alvi(2016) also defines a sample size as the number of sample units that are selected to be included in the sample.

The sample size will be guided by Yamane's formula: -

$$n = \frac{N}{1 + N(e)^2}$$

650/1+650(0.05) ^2= 247.619

n=248

Where: - n = the sample size N = the population 1 = a constant e 2 = the estimated standard error which is 5% for 95% confidence interval.

3.7 Data Collection

Data collection methods refer to techniques and tools used to gather data from the respondents who form the sample (Rahi, 2017). The choice of the data collection method is dependent on the research topic, study variables, the problem statement,

research questions, and the characteristics of the respondents (Bhattacherjee, 2013). Primary data was collected directly from the respondents using structured questionnaires as the data collection instrument. Questionnaires were appropriate for this study because they were an affordable and efficient method of collecting. The study used primary data since the nature of the data collected was qualitative. Primary data was collected by interviewing four departmental heads at Safaricom PLC, Kenya these departments were namely: strategy and innovation, customer management, finance, operations, and marketing. Why these departments? It is because the departments played a huge role in the growth and success of the organization.

The interview guide contained three sections: the section contained questions on the general information about Safaricom PLC. Section B contained questions on competitive strategies adopted by Safaricom PLC and Section C contained questions on the influence of competitive strategies on the financial performance of Safaricom PLC. Due to the current coronavirus pandemic, use of email to circulate the questionnaire, online, or telephone interview was conducted with the selected interviewees for purpose of adhering to the set safety guidelines (senior management, middle-level managers, and lower-level management)since they were responsible for implementing competitive strategies and thus understood how competitive strategies influence performance at Safaricom PLC.

3.8 Research instrument

A structured questionnaire was the tool used by the researcher, to collect data related to the influence of competitive strategies on financial performance at Safaricom PLC. These were predetermined questions based on the demographics of the characteristics of the respondent and the objective of the study. Using a questionnaire provided a relatively cheap, quick, and efficient way of obtaining large amounts of information

from a large sample of people. A questionnaire used both open and closed inquiries to collect data. This is beneficial because it meant both quantitative and qualitative data were obtained.

The answer come from the actual group target. Also being the same question asked to all the respondents the researcher was able to make a proper comparison. The questionnaire was appropriate because it saved time of covering many people within a short time.

3.8.1 Piloting and Research Instruments

To ensure the validity of the questionnaire, a pilot test was performed before the questionnaire was administered. The pilot test was used to test the design of research and adjust it ensured that the full test was successful. (Lancaster, Dodd &Williamson,2004), the Pilot test is an activity that has assisted the research in determining if there are flaws, limitations, or other weaknesses within the interview design and allows the researcher to make necessary revisions before the implementation of the study. A study was undertaken on some respondents to test the reliability and validity of the questionnaire. The rule of thumb was that 1% of the sample would constitute the pilot test (Cooper & Schindler, 2010). Deficiencies in the questionnaire such as, there were unclear instructions and insufficient space. This in turn helped improve the questionnaire before it was distributed to the actual sample. A pilot study was used to assess the viability of an approach that was envisioned to be used in a larger-scale study. The result after the pilot study were used to prove the viability of the project study idea.

3.8.3 Reliability of Research Instrument.

Reliability refers to the extent that the instrument yields the same results over multiple trials. According to Kothari (2008), reliability is the consistency by which

repeated measures can produce the same outcomes across time and observers. Moreover, a reliability test refers to the extent to which the statements in an instrument are without bias and ensures a consistent measurement across time and the various items in the instrument (Sekaran & Bougie, 2010). Finally, the research used Cronbach's alpha to calculate, by using SPPS version 25. Sekaran and Bourgie (2013): Creswell (2014) found when Cronbach's alpha was nearer to 1, the internal consistency and reliability of the data instrument is high.

Reliability of research instruments was imperative in the study. According to Mugenda and Mugenda (2003), reliability is the accuracy and precision of the research instrument, where the research instrument can give the same results even after several attempts. Further random error, which will always exist regardless of instruments or procedures used causes a deviation of the actual results due to some deficiencies in the instrument that have not been addressed by the researcher. To measure the reliability of the instrument, the researcher there was use of internal consistency method to compute a coefficient Cronbach's alpha greater than 0.7. This helped in meeting the threshold.

3.8.2 Instrument Validity

Validity refers to the extent that the instrument measures what it was designed to measure. Validity is the degree to which the sample of the test items represents the content the test is designed to measure (Kothari & Garg, 2014). Also, validity is the degree to which a study accurately reflects or assesses the specific concept that the researcher attempt to measure (Bhattacherjee, 2012). Thus, the research will use content validity on the research instrument.

According to David Collings and Wood (2009) validity is the degree to which results obtained from the analysis of data represent the phenomenon under study. Validity is often either construct validity or content validity. According to Orlando (2003), in the

use of construct validity, the question was constructed in such a way that measured the relationship between the dependent variable were correlated positively, On the other hand, content validity will also use where the supervisor, professional, and experts in the same field were involved.

3.9 Data Analysis and Presentation.

Data collected using questionnaires was entered on SPPS, coded, edited and any data requiring cleaning was carried out before any further analysis took place following the suggestion laid by Sekaran and Bourgie (2013). As Kothari (2014), recommends simple graphics analysis, descriptive statistics form the basis of virtually every qualitative analysis of data hence frequencies, percentages mean, and standard deviations were appropriate statistical tools which showed the distribution against each of the variables under investigation and summary.

The study used descriptive statistics, inferential statistics, and regression to analyze data and test the research hypothesis. Data analysis was conducted on primary data collected using SPPS version 25. Kothari and Garg (2014) recommend that simple graphics analysis, descriptive statistics form the basis of virtually every qualitative analysis of data hence frequencies, percentages mean, and standard deviations was appropriate statistical tools. Also, a descriptive analysis was included mean scores which showed the ranking of the ambidexterity approaches and standard deviation that would show the variation among data analysed using SPSS version 25. Further analysis of variance (ANOVA), and multiple linear regressions analysis was applied. The regression equation will be as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

Y is the dependent variable (Financial performance of telecom Industry).

X1 is a cost leadership strategy,

X2 is differentiation strategies,

X3 is a focus strategy,

X4 is strategic alliances and ε is the error term denoting there may be a non-linear relationship between the independent and dependent variables which is commonly referred to as “noise”.

e is the **error** of the estimate, or how much variation there is in our estimate of the regression coefficient.

3.10 Ethical consideration.

Ethical Considerations can be specified as one of the most important parts of the research. Bryman (2012) found that ethical issues come up at a variety of stages in social studies.it was, therefore, important to ensure that the researcher was aware of all the essential issues that may have risen as well as how to overcome them without impacting the integrity of the research. According to Blaxter, Hughes, and Tight (2006) common ethical issues as research participation.

The researcher obeyed the laid down ethical practices and ensure that they are observed all the time. This included seeking consent from all the respondents before data collection, assurance of confidentially of information regarding the importance and significance of maintaining the integrity of the information that was to be presented in the researcher’s report, and respect for intellectual property, reference was made to documented information collected from the field study. Letter from NACOSTI &introduction letter from the university.

CHAPTER FOUR:

DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

This chapter entails data analysis, interpretation, and discussion of the results. The objective of the study was to determine the effects of competitive strategies on financial performance of telecommunication companies in Kenya during the covid -19 pandemic era, identifies the competitive strategies that the players in the telecommunication sector used to remain competitive in the market. The findings were presented in tables and charts.

4.2 Response rate

The sample size comprised of 248 respondents which included the senior, middle and level Safaricom PLC managers. Table 4.1 indicates that out of the 248 questionnaires administered, 200 were completed which yielded a response rate of 80.6 per cent. According to Mugenda and Mugenda (1999), a response rate of 50 per cent is adequate; a response rate of 60 per cent is good and above 70 per cent is excellent. Therefore, a response rate of 80.6 per cent was sufficient for data analysis.

Table 4.1 Response rate

Response rate	**Sample size**	**Percentage %**
Returned Questionnaire	200	80.6
Un-returned questionnaires	48	19.4
Total	**248**	**100**

4.3 Demographic Characteristics

The section shows the demographic data of the respondents. The respondents' demographic information reflects the relevant attributes of the population, which forms the foundation under which the research obtained pertinent data. Data recorded include gender, age, highest level of education, years worked in the organization and number of years the companies were in operation.

4.2.1.1 Gender of the Respondents use tables and figures instead; delete graphs

Many of the respondents 54% were men while 46% of the respondents were women. The respondents were asked to specify their gender. The results are shown in Figure 4.1

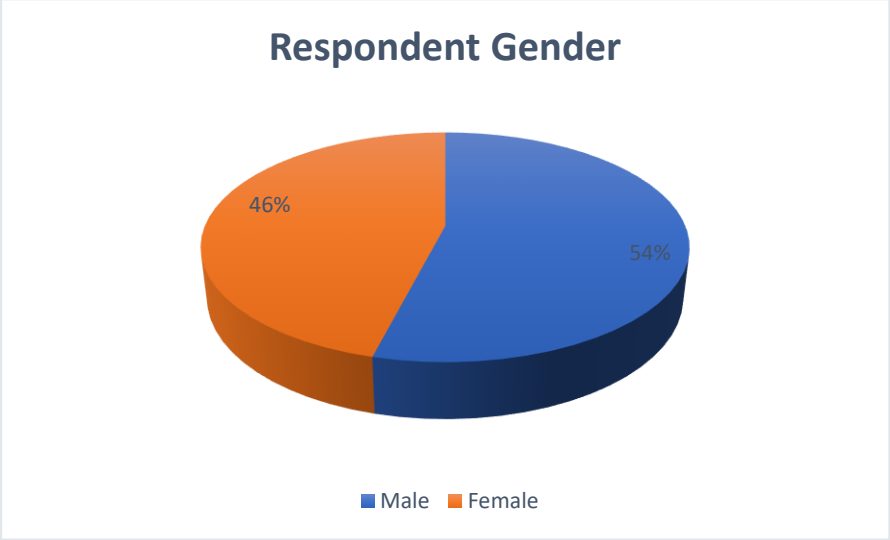


Figure 4.1: Gender of the Respondents

4.2.1.2 Age of the Respondents

In this section the respondents were asked to specify their age. The respondents ages were recorded in structured age brackets. The results are presented in

Table 4.2

Age	Frequency	Percent %
Below 20	0	0
20-30	20	10
31-40	83	41.5
41-50	60	30
above 50	37	18.5
Total	200	100

Table 4. 2 Age of the Respondents

Respondents between 20-30 were 8%, Majority of the respondents (40.5%,) were aged between 31-40 years while 39%) of the respondents were aged between 41-50 years. On the other hand, 12.5%) of the respondents were aged above 50 years.

4.2.1.3 Respondents' Highest Level of Education.

The respondents were asked to state the highest level of academic qualification they had attained. The results are shown in Table.4.3

Level of education	Frequency	Percentage%
Certificate	5	2.5
Diploma	20	10
Degree	100	50
Masters	75	37.5
Total	200	100

Table 4.3: Level of Education of Respondents

As findings presented in Table 4.3 indicate, the respondents who participated in the study had varied levels of education. Certificate holders 2.5% which were the least followed by diploma holders at 10%. Majority who made up 50% have completed a degree course37.5% of the respondents have attained a masters/postgraduate course. The findings reveal that all respondents have attained at least a certificate level of

education and were therefore knowledgeable enough to respond to the questions in the data collection instrument.

4.2.1.4 Level of Experience

The respondents were asked to indicate the number of years worked at Safaricom PLC.

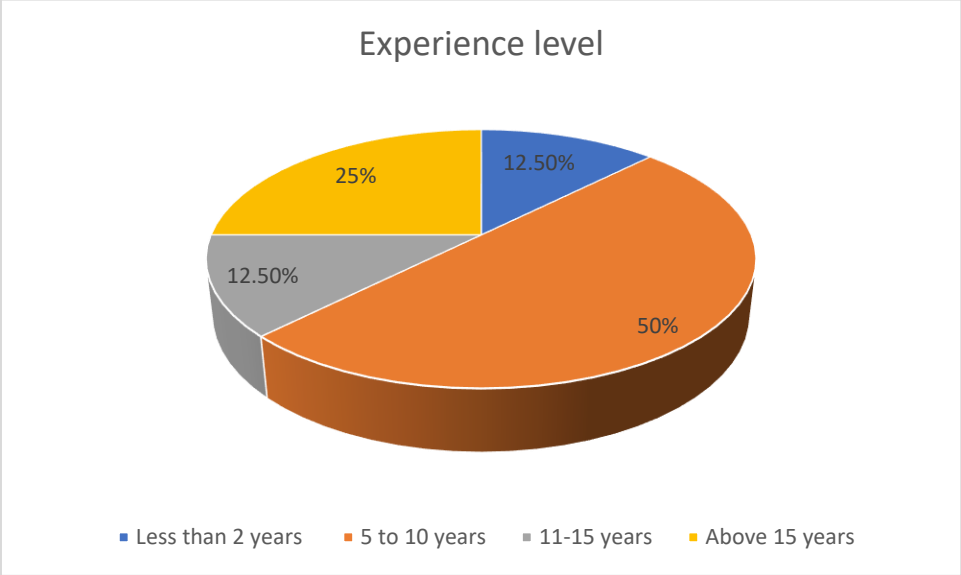


Figure 4.2 Level of Experience of Respondents

The respondents had varied years of experience in their various positions at Safaricom PLC. Most respondents reported that they have worked at the organization for between 5-10years. The findings indicate that majority of the respondents at 50%, have worked between 5-10years, 21.50% have worked between 11-15 year, 12.50% had worked for less than 2years while 25% had worked for more than 15 years. The results reveal that there the employees at Safaricom PLC had experience and understood the company dynamics.

4.2.1.5 Occupation

The respondents who took part in the study were Safaricom PLC senior managers, Middle level managers and lower-level managers. An analysis was conducted to establish the representation of each occupation. A presentation of findings on Table 4.4

indicates that most of the respondents, 38.5% were lower-level managers while 32.5% were middle level managers and 29% were senior managers. Therefore, majority of the workforce are lower-level manager was expected since consumer service and product sale and satisfaction were their core. It is also important to note that there was adequate representation of the core professions at Safaricom PLC that was relevant for this study.

Table 4.4: Occupation of Respondents

Occupation	**Frequency**	**Percentage %**
Senior managers	58	29
Middle level managers	65	32.5
Lower-level managers	77	38.5
Total	**200**	**100**

4.4. Descriptive Statistics

The primary data collected was analyzed using SPSS version 25 and the following descriptive statistics derived for each independent variable in this study namely cost leadership strategy, differentiation strategy, focus strategy and strategic alliance strategy.

4.4.1 Descriptive Analysis on Cost Leadership strategy

As presented in Table 4.5, The statements were developed to measure the effect of cost leadership strategy on the financial performance of telecommunication companies in Kenya. Out of the 248 sent 200 questioners were received back most respondents agreed that the firm applied a cost savings approach. As presented in Table 4.5, most respondents agreed that Safaricom used cost avoidance as a way of price reduction the firm by use of targeting cost this approach was aimed at minimizing cost by creating high-quality products that lower costs right from the production stage 94(47.0%) of the

respondents strongly agreed with the statement, 100(50.0%) agreed and 6(3.0) responded remained neutral. There was also a high score on the statement that management used Specialization and the division of labor contributing to lower costs and achieving economies of scale out of the 200 responses received 123(61.5%) strongly agrees ,75(37%) agreed and 1(0.5%) was neutral. . Additionally, it was agreed that Safaricom PLC Safaricom has embraced the latest technology in its operations, 127(63.5%) respondents strongly agreed, 71(35.5%) responded agreed and 2(1.0%) remained neutral. Safaricom PLC applied a cost savings approach through purchases of inputs such as raw materials in bulk ,129(63.5%) of the respondent strongly agrees and 71(35.5%) agreed with the statement. When it come to the statement of embracing the go green strategy 127(63.5%) strongly agreed and 73(36.5%) agreed. The respondents seemed to have been neutral to the statement on the cost of products and services being lower than other competition 3(1.5%) of the respondent disagreed with the statement, 48(24.0%) were neutral,85(42.5%)agreed and 64(32.0%) strongly agreed.

Cost Leadership Strategy	SD *F (%*	D *F (%*	N *F (%*	A *F(%*	SA *F (%*	Mean	Std. D
1.The cost of products and services is lower than other competition.	0	3(1.)	48(24.0)	85(42.5)	64(32.0)	3.62	1.083
2.Safaricom PLC offers frequent discounts.	0	0	18(9.0)	80(40.0)	102(51.0)	4.50	.540
3.Safaricom uses cost avoidance as a way of price reduction.	0	0	6(3.0)	100(50.0)	94(47.0)	4.80	.401
1.Safaricom PLC price is low because its products are own manufactured using a state-of-the-art facility	0	0	0	69(34.5)	131(65.5)	4.20	.825
2.Safaricom PLC continuously seeks to reduce prices without sacrificing its products' & services' essential features or acceptable quality.	0	0	6(3.0)	93(46.5)	101(50.5)	4.37	.562
1. Products designed by Safaricom are often new to the market	0	0	6(3.0)	93(46.5)	101(50.5)	4.37	.660
2.Products designed by Safaricom involve innovative technologies	0	0	0	88(44.5)	112(56.)	4.54	.500
3.Safaricom has introduced a new or significantly improved product into the market before its competitors	0	0	0	69(34.5)	131(65.5)	4.62	.488
4.When Safaricom introduces new products they are well received by consumers	0	3(1.5)	30(15)	72(36)	95(47.5)	4.37	.596
5.Safaricom's improved products are received better than its newly introduced products	0	0	6(3.0)	80(40.0)	114(57.0)	4.39	.722
6.Safaricom constantly introduces new products to compete in the market	0	0	2(1.0)	87(43.5)	111(55.5)	4.43	.496

1.Safaricom has been embracing the go green strategy	0	0	0	73(36.5)	127(63.5)	4.55	.519
2.Safaricom negotiates with its supplies to get the best prices by using biding processes	0	0	3(1.5)	81(40.5)	116(58.0)	4.60	.492
Composite mean and standard deviation						**4.51**	**.554**

N=200

Table 4.5 Cost leadership Descriptive Analysis

SD=strongly disagree D=Disagree N=Neutral A=Agree SA= Strongly agree S. D=Standard deviation.

4.4.2 Descriptive Analysis on Differentiation strategy

The statements were developed to measure the effect of differentiation strategy on the financial performance of telecommunication companies in Kenya. Out of the 248-questionnaire sent 200 were returned.

As indicated in Table 4.6, most respondents agreed that the organization "marketed its brand aggressively through various channels to increase awareness of its unique products and services" with 131(65.5%) respondents strongly agreeing and 69(34.5%) agreed to the statement. There was also a high mean score with respondents mentioning that "Safaricom offers pre -sales to attract new clients". The respondents also posted a high mean score by agreeing that "Safaricom offers pre-sale and post- sales services to its client, 134(67%) strongly agreed and 66(33%) agreed to the statement. Regarding "Safaricom segments products based on the benefit sought by the customers" 1(0.5%) of the responded disagreed with the statement, 2(1%) were neutral, 89(44.5%) agreed and 108(54%) strongly agreed with the statement. Computed also was a high mean score (Safaricom creating positive customer experiences where 5(2.5%) of the

respondent were neutral, 76(38%) agreed and 119(59.5%) strongly agreed with the statement . The lowest mean score was Safaricom creates events where customers where 3(1.5%) disagreed, 48(24.0%) were neutral, 85(42.5%) agreed and 64(32.0%) respondents strongly agreed with the statement.

Table 4.6: Effect of Differentiation Strategy on Organizational financial Performance.

Differentiation strategy	SD F (%	D F (%	N F (%	A F (%	SA F (%	Mean	Std.D
Safaricom focuses on continuous improvement to create better value for its customers	1(0.5	1(0.5	1(0.5	80(40.0	117(58.5	4.52	.707
Safaricom embraces the use of technology in day-to-day operations	0	0	2	70	128	4.60	.670
Safaricom ensures that its staff receive continuous training on use of new technology	0	1(0.5	3(1.5	97(48.5	99(49.5	4.30	.814
Safaricom uses/offers unique competition. Strategies/products to attain a competitive edge.	1(0.5	1(0.5	1(0.5	87(43.5	110(55	4.32	1.039
Safaricom segments products based on the benefit sought by the customers.	0	1(0.5	2(1	89(44.5	108(54	4.54	.762
Safaricom has adopted differentiation. Strategy to improve performance.	0	0	6(3	78(39	116(58	4.42	.992

Safaricom uses differentiation as a strategy to differentiate its products and services from its rivals.	0	0	10(5	89(44.5	101(50.5	4.36	.827
Safaricom has a strong and positive brand image	0	0	2(1	64(32	134(67	4.46	.706
Safaricom aggressively markets its brand through various channels to increase awareness of its unique products/services among its target market	0	0	0	69(34.5	131(65.5	4.62	.490
Safaricom has a strong unique value proposition	0	0	3(1.5	67(33.5	130(65	4.44	.644
Safaricom offers pre-sale and post-sales services to its client	0	0	0	66(33	134(67	4.60	.728
Safaricom offers pre and post sales to offer understand the unique customer requirements	0	0	4(2	90(45	106(53	4.34	1.062
Safaricom offers pre -sales to attract new clients.	0	0	2(1.0)	71(35.5)	127(63.5	4.76	.625
Safaricom create positive customer experiences	0	0	5(2.5	76(38	119(59.5	4.52	.839
Safaricom uses email newsletter to send weekly updates and promotions	0	0	4(2	90(45	106(53	4.34	.939 0

Safaricom uses social media advertisement to reach out to its customer	0	0	4(2.0)	71(35.5)	125(62.5	4.52	.863
Safaricom has ope shops in all parts of country wh customers can walk and purchase or m enquiry	0	1(0.5	2(1	81(40.5	116(58	4.08	.986
Safaricom creates where customers ca	0	3(1.5)	48(24.0	85(42.5	64(32.0)	3.84	1.131
Composite mean and standard deviation						**4.42**	**0.816**
n-200							

SD=strongly disagree D=Disagree N=Neutral A=Agree SA= Strongly agree S. D=Standard deviation

4.4.3 Descriptive Analysis on Focus Strategy.

Table 4.8 presents the results of the descriptive statistics done on the responses given to the focus strategy statements on the questionnaire. The statements were developed to measure the effect of focus strategy on the financial performance of telecommunication companies in Kenya. Out of the 248-questionnaire sent 200 were returned. Most of respondents a agreed that Safaricom is known for its committed and highly motivated staff ".69(34.5%) agreed and 131(65.5%) strongly agreed with the statement. Additionally, most respondents agreed that "Safaricom offers services and products that served a particular type of customers' needs and preferences" 69(34.5%) agreed and 131(65.5 %) strongly agreed with the statement. Other notable high mean

values include “Safaricom is known for use of technology” where 3(1.5%) respondent were neutral, 81(40.5%) agreed and 116(58.0%) strongly agreed with the statement. There was however a low mean score posted on the statement “Safaricom offers fair prices by providing better quality products and services 1(0.5%) of the respondent disagreed,(1.5%) remained neutral while 79(39.5%) agreed and 117(58.5%) strongly agreed with the statement.

Table 4.7 Effect of Focus Strategies on Organizational financial Performance

Focus strategy	**SD F (%**	**D F (%**	**N F (%**	**A F (%**	**SA F (%**	Mean	Std. D
Safaricom exploits the use of technology to keep operation costs down and to improve the quality	0	0	4(2	67(33.5	129(64.5	4.26	.899
Safaricom offers fair prices by providing better quality products and services	0	1(0.5	3(1.5	79(39.5	117(58.5	4.02	.892
Safaricom offers services and products that serve a particular type of customers’ needs and preferences	0	0	0	69(34.5	131(65.5	4.62	.490
Safaricom segments products based on the benefit sought by the customers	0	1(0.5	2(1	89(44.5	108(54	4.54	.646
Safaricom is known for its committed and highly motivated staff	0	0	0	69(34.5	131(65.5	4.66	.479
Safaricom is known for use of technology	0	0	3(1.5)	81(40.5	116(58.0	4.60	.571
Composite mean and standard deviation						**4.45**	**0.662**

n-200

SD=strongly disagree D=Disagree N=Neutral A=Agree SA= Strongly agree S.D=Standard deviation.

4.4.4 Descriptive statistics on strategic alliance strategy

In this section, the study sought to establish the effect of strategic alliance on organizational financial performance. The statements were developed to measure the effect of focus strategy on the financial performance of telecommunication companies in Kenya. Out of the 248-questionnaire sent 200 were returned. The respondents were asked to indicate their level of agreement on various factors of strategic alliance that were likely to influence organizational financial performance. Different statements measured the respondents' level of agreement regarding horizontal integration, vertical integration, Joint ventures, and partnership. Descriptive Analysis of strategic alliance as indicated in Table 4.8; most respondents agreed that the organization "Safaricom has increased market share"142(71%) strongly agreed and 58(29%) agreed with the statement. The respondents also posted a high mean score by agreeing that "Joint ventures contribute to Safaricom Access improved (new) technology" with 131(65.5%) strongly agreed and 69(34.5%) strongly agreed with the statement. "By vertical integration, Safaricom improves its business operations with112(56. %) strongly agreeing and 88(44.5%) agreed to the statement was computed. Another high score was "Safaricom adopts partnerships to Maximize value for customers "119(59.55%) of the respondent strongly agreeing, 76(38%) agreed while 5(2.5%) remained neutral with the statement. The lowest mean score for the statement "Joint ventures contribute to managing formal domestic business issues" 81(40.5%) of the respondent agreed,116(58%) agreed while 2(1%) remained neutral and1(0.5%) disagreed with the statement, followed by the statement "Joint ventures contribute to Managing informal issues in international markets"with 85(42.5%) of the respondent strongly

agreeing, 112(56%) agreed, 2(1%) remained neutral and 1(0.5%) disagreed with the statement

Strategic Alliance	SD F (%	D F (%	N F (%	A F (%	SA F (%	Mean	Std. Deviation
Safaricom adopts partnerships to Maximize value for customers	0	0	5(2.5	76(38	119(59.5	4.52	.646
Safaricom adopts partnership in Opening up new markets	0	0	2(1	100(50	98(49	4.48	.505
Safaricom adopts partnership to Create a pathway to eventual acquisition	0	0	2	98(49	100(50	4.49	.614
Joint ventures contribute to Safaricom Access improved (new) technology	0	0	0	69(34.5	131(65.5	4.62	.490
Joint ventures contribute to Managing informal issues in international markets	0	1(0.5	2(1	112(56	85(42.5	4.22	.815
Joint ventures contribute to managing formal domestic business issues	0	1(0.5	2(1	116(58	81(40.5	4.04	.807
By vertical integration, Safaricom improves its business operations	0	0	0	88(44.5)	112(56.)	4.53	.678
Safaricom has Improved supply chain coordination	0	0	18(9.0)	80(40.0)	102(51.0)	4.50	.505
Safaricom has Captured upstream or downstream profit margins.	0	0	16(9.0)	82(41.0)	102(51.0)	4.51	.647
Safaricom has increased market share	0	0	0	58(29	142(71	4.86	.351
Through horizontal integration, Safaricom had created economies of scale	0	0	6(3.0)	80(40.0)	114(57.0)	4.40	.535
Composite mean and standard deviation						**4.47**	**0.599**

Table 4.8 Effect of strategic Alliance on Organizational financial Performance

n-200

SD=strongly disagree D=Disagree N=Neutral A=Agree SA= Strongly agree S. D=Standard deviation.

4.5 Correlational Analysis

The correlational analysis of the study was undertaken, and the results displayed in **Table 4.9 below.**

		Cost leadership	Differentiation	focus	Financial performance
Cost leadership	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	200			
Differentiation	Pearson Correlation	0.118*	1		
	Sig. (2-tailed)	0.034			
	N	200	200		
Focus	Pearson Correlation	0.469**	0.408**	1	
	Sig. (2-tailed)	0.001	0.005		
	N	200	200	200	
Financial performance	Pearson Correlation	0.642**	0.692**	0.851**	1
	Sig. (2-tailed)	0.000	0.000	0.000	
	N	200	200	200	200

**. Correlation is significant at the 0.01 level (2-tailed).

The achieved results for correlational relationship between differentiation and cost leadership strategies were r = 0.118, Sig = 0.034, and P Value <0.01. The achieved results indicated that there was a positive correlational relationship between differentiation and cost leadership strategies that was found to be statistically significant at 1% level of significance. The differentiation and focus strategies correlational

relationship achieved results were r=0.469, Sig=0.001, P Value< 0.01. The achieved results for the differentiation and focus strategies indicates there was statistically significant correlational relationship between the strategies that was positive in nature. The achieved correlational analysis results between differentiation and financial performance were r=0.642, Sig=0.000, P Value <0.01. These results indicated that there was statistically significant relationship between the variables at 1% level of significance and the relationship was positive in nature. The observed results of r=0.408, Sig=0.005, P Value <0.01 for the relationship between cost and focus strategies indicated that there was a positive and significant relationship between the variables at 1% level of significance. The correlational relationship between cost strategy and financial performance were r=0.692, Sig=0.000, P Value < 0.01. These results thus indicated the presence of a statistically

significant relationship between the variables. The relationship between focus strategy and financial performance were r=0.851, Sig=0.000, P Value < 0.01. These results indicated the presence of a statistically significant relationship between the variables at 1% level of significance.

4.6 Diagnostic Tests

The researcher undertook diagnostic testing to ensure that the data conforms to the classic linear regression assumptions. The researcher tested the data for multicollinearity, heteroscedasticity, and normality of residuals. Results of this analysis are discussed below.

4.6.1 Testing for Multicollinearity

According to Keith (2006), multicollinearity arises when two or more independent variables that are jointly used to estimate a regression model have a strong linear relationship. The researcher tested for multicollinearity using the variance inflation factors. If the variance inflation factor for any variable exceeds 5, this is an indicator of the existence of multicollinearity and therefore the problem should be remedied before any further analysis is undertaken.

Table 4.10 Testing for Multicollinearity

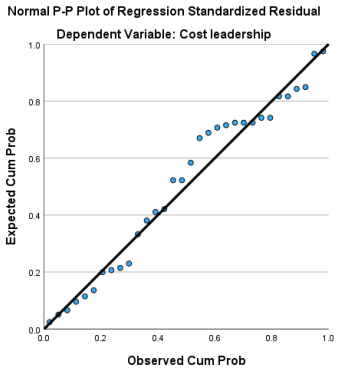
	Collinearity Statistics	
	Tolerance	**VIF**
Cost leadership strategy	0.758979	1.32
Differentiation strategy	0.762660	1.31
Focus strategy	0.982116	1.02
Strategic alliance	0.991061	1.01

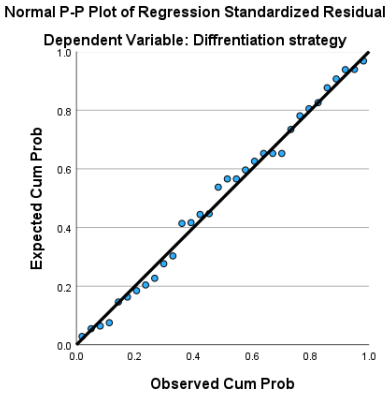
As per table 4.9 above, all the Variance Inflation Factors were less than 5. As such, the deduction is that there was no multicollinearity in the data and hence it was fit for analysis

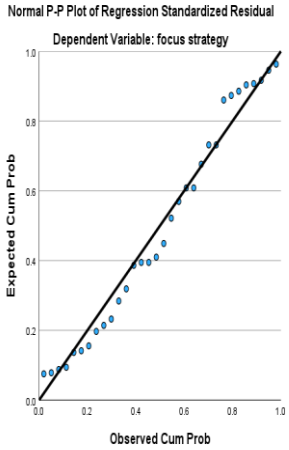
4.6.2 Testing for Normality of Residuals

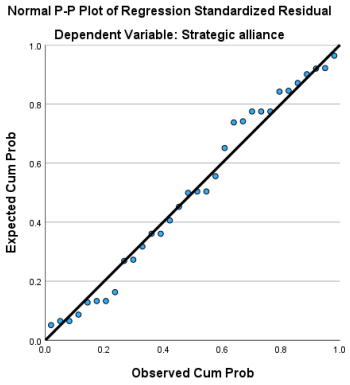
According to the Gauss Markov Theorem, for the coefficients of the regression analysis to be the best linear unbiased estimators, the residuals must be normally distributed with a constant variance and a mean of zero. To evaluate normality of residuals, the researcher used the p-p plot shown in figure 4.1 below. If the plot is linear, this implies that the residuals follow a normal distribution

Figure 4.3 Testing for Normality of Residuals









Source: Author (2022)

According to the P-P plot, the residuals are normally distributed since the plots are approximately linear

4.6.3 Testing for Heteroscedasticity

The researcher tested the data for heteroscedasticity using the Breusch Pagan test. Heteroscedasticity is present when the variance of the error terms is not constant, and it a major problem since it tends to inflate the standard errors. This increases the probability of committing a type two error in hypothesis testing, i.e., failing to reject a false hypothesis. If the p value of the Breusch Pagan test is greater than 5%, this is an indicator of the presence of heteroscedasticity

Table 4.11 Testing for Heteroscedasticity.

Breusch- Pagan /Cook-Weisberg test for heteroskedasticity
Ho: Constant variance Variables: fitted values of C_ Financial performance Chi2 (1) = 2.00 Prob > chi2 = 0.1573

Source: Author (2022)

As evident in table 4.10, the null hypothesis of constant variance should not be rejected since the p value was greater than 5%. As such, the conclusion was that there was no heteroscedasticity in the dataset.

4.7 Inferential statistics

To compute the strength between dependent variable and the independent variables the researcher conducted several forms of inferential analysis on the study data. In particular, the researcher conducted a multiple regression analysis, an Analysis of Variance (ANOVA), and evaluated the study's coefficient of determination

4.7.1 Regression Analysis

The research undertook a multivariate ordinary least squares regression analysis to quantify the relationship between the independent variables and the dependent variable. The results of this analysis are shown below.

4.7.2 Coefficient of Determination

The coefficient of determination was used to evaluate the explanatory power of variance in the independent variables on variance in the dependent variable. The data analysis yielded a coefficient of determination (R square) of 85.5%, which illustrates

an acceptable goodness of fit. This implied that 85.5% of variability in financial performance of telecommunication companies in Kenya can be attributed to joint variability offering cost leadership strategy, differentiation strategy, focus strategy and strategic alliance.

Table 4.12 Coefficient of Determination

R	R Square	Adjusted R Square	Std. Error of the Estimate
. 925[a]	0.855	0.854	0.33310

4.6.3 Analysis of Variance

Table 4.13 Analysis of Variance

	Sum of Squares	df	Mean Square	F	Sig.
Regression	5.194	4	1.298	7.384	.000a
Residual	9.671	55	0.176		
Total	**14.865**	**59**			

From the ANOVA statistics in Table 4.14 the processed data indicated the population parameters had a significance level of 0.000 ($p<0.05$) which showed the data was ideal for making conclusions on the population parameters as the value of significance (p-value) was less than five percent. The F-statistic of 7.384 showed the overall significance of the plane; its p-value ($p< 0.05$) guaranteed the statistical significance of the model. The results indicated the calculated F-statistic was greater than the F-critical value of 2.3719, an indication the means of strategic innovation were significantly different.

Table 4.14
Regression Analysis Coefficients use
SPPS output tables

	Unstandardized Coefficients		Standardized Coefficients		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	0.337	0.078		4.328	0.00
Cost leadership	0.677	0.017	0.843	40.820	0.00
Differentiation strategy	0.051	0.021	0.043	2.395	0.017
Focus strategy	0.130	0.019	0.140	6.814	0.000
Strategic alliance	0.049	0.020	0.045	2.486	0.013

Source: Author (2022)

The regression analysis table showed that all the independent variables had a positive and significant effect on the dependent variable. These results can be summarized in the following model:

Y = 0.337 + 0.677X1 + 0.051X2+0.130X3+ 0.049X4…….....……...(ii)

Where:

Y = Financial performance

0.337 = Constant

X1 = Cost leadership strategy

0.677= Coefficient of X1

X2= Differentiation strategy

0.051= Coefficient of X2

X3= Focus strategy

0.130 = Coefficient of X3

X4= Strategic alliance

0.049 = Coefficient of X4

According to the regression equation, the level of customer satisfaction was 0.337 in the absence of the effect of all the independent variables. The findings also imply that a unit increase in cost leadership led to a 0.677 increase in financial performance; a unit increase in differentiation strategy led to a 0.051 increase in financial performance; a unit increase in focus strategy led to a 0.130 increase in financial performance; and a unit increase in strategic alliance led to a 0.049 increase in financial performance. It can be noticed that all four

4.7.4 Hypothesis Testing using the Multiple Regression Model

Going by the results outlined in the regression table, we can see that the coefficients of all independent variables were positive and statistically significant. The conclusion therefore was to *reject* all null hypotheses and conclude that the four independent variables had a significant effect on financial performance as discussed below:

H_{01}: *There is no significant relationship between Cost leadership and the financial performance of telecommunication companies in Kenya.*

The results of regression analysis show cost leadership had a positive and significant effect on the financial performance of telecommunication companies in Kenya ($p = 0.000$) where the level of significance is 0.05. As such, failed to accept the null hypothesis that cost leadership had no significant effect on the financial performance of telecommunication companies in Kenya and adopted the alternative hypothesis that there is a significant relationship between cost leadership strategy and financial performance of telecommunication companies in Kenya adopted by this study.

H02: *There is no significant relationship between differentiation strategy and financial performance of telecommunication companies in Kenya.*

The results of the hypothesis that differentiation strategy had no significant effect on financial performance in telecommunication companies in Kenya. Contrary to this hypothesis, differentiation strategy was found to have a positive and significant effect on financial performance in telecommunication companies in Kenya (p =0.017) where the level of significance was 0.05. As such, failed to accept the null. hypothesis that differentiation strategy has no significant effect on the financial performance of telecommunication companies in Kenya and adopted the alternative namely there is a significant relationship between differentiation strategy and financial performance of telecommunication companies in Kenya adopted by this study.

H03*: There is no significant relationship between Market focus strategy and financial performance of telecommunication companies in Kenya.*

The hypothesis that market focus strategy has no significant effect on and financial performance of telecommunication companies in Kenya since the effect of market focus strategy on and financial performance of telecommunication companies in Kenya. was positive and significant (p = 0.000) where the level of significance is 0.05. As such, failed to accept the null hypothesis that market focus strategy has no significant effect on the financial performance of telecommunication companies in Kenya and the alternative was adopted namely there is a significant relationship between market focus strategy and financial performance of telecommunication companies in Kenya adopted by this study.

H04: *There is no significant relationship between a firm's strategic alliance and the financial performance of telecommunication companies in Kenya*.

Analysis showed that the effect of strategic alliance approach on financial performance of telecommunication companies in Kenya. was positive and significant (p =0.013) and a level of significance of 0.05. As such, failed to accept null hypothesis that strategic alliance had no significant effect on financial performance of telecommunication companies in Kenya. As such, the alternative hypothesis namely there is a significant relationship between strategic alliance and financial performance of telecommunication companies in Kenya adopted by this study.

CHAPTER FIVE

5.0 DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the research findings and summarizes the findings established from the data analysis. The findings are also discussed in comparison to literature review carried out by other scholars. Finally, conclusions drawn from the study are presented as well as recommendations for improvement and further research on the effect of competitive strategies on organizational performance.

5.2 Discussion

The aim of this study was to investigate the effect of the competitive strategies on organizational financial performance in Kenya a case study the Safaricom PLC located in Nairobi. This was to be achieved under the guidance of the four hypotheses namely

Hypothesis no.1

H01: There is no significant relationship between Cost leadership and the financial performance of telecommunication companies in Kenya.

Hypothesis no. 2

H02: There is no significant relationship between differentiation strategy and financial performance of telecommunication companies in Kenya.

Hypothesis no. 3

H03: There is no significant relationship between Market focus strategy and financial performance of telecommunication companies in Kenya.

Hypothesis no. 4

H04: There is no significant relationship between a firm's strategic alliance and the financial performance of telecommunication companies in Kenya.

5.3 Summary of main findings

The following is the summary of the main findings as per the specific objectives of this study.

5.3.1 Cost Leadership Strategy on financial Performance

Based on the hypothesis There is no significant relationship between Cost leadership and the financial performance of telecommunication companies in Kenya. Where (p = 0.000) showing a positive significance where the level of significance is 0.05. As such, failed to accept the null hypothesis that cost leadership had no significant effect on the financial performance of telecommunication companies in Kenya and adopted the alternative hypothesis that there is a significant relationship between cost leadership strategy and financial performance of telecommunication companies in Kenya adopted by this study.

Interestingly, cost leadership was found to contribute positively and significantly to the Safaricom PLC financial performance in Kenya. This implied that as competitive pricing and efficiency in the services offered backed by the statement "Safaricom uses cost avoidance as a way of price reduction" which had mean of 4.80 and a standard deviation of 0.401 which is higher than the composite mean of 4.51 and a standard deviation of 0.554 positively influence financial performance. This statement agrees with Bloucher, Juraras & Cokins (2015), who argued that business entities are increasingly adopting cost leadership as a strategy to minimize costs, increase revenue and grow market share. This would explain why the management of Safaricom PLC had adopted cost leadership techniques such as cost reduction, exploiting economies of scale, outsourcing, use of technology for efficiency among others to drive costs down and increase profit margins and market share. The study findings indicated that Safaricom PLC pursued a cost savings creating high-quality products that lower costs

right from the production stage guided by the statement "Safaricom PLC price is low because its products are own manufactured using a state-of-the-art facility" with a mean of 4.20 and a standard deviation of 0.825 which is lower than the composite mean 4.51 and a standard deviation of 0.554, implying that the statement does not positively influence financial performance of the organization. This also means that if this is an important statement to influence financial performance in the firm, something should be done to improve it. According to Gildemeister et al., (2013), examples of cost reduction techniques that a firm can implement to manage and control its costs include, discontinuing non-essential activities that do not have cost advantages; outsourcing some activities, for example payroll processing; intensive research and development for innovation and continuous improvement; automating processes or using technology for efficiencies; streamlining processes for operational excellence and backward vertical integration which involves gaining control of distributors or suppliers so as to minimize costs. These techniques may have a high initial outlay but if implemented successfully, then the benefits outweigh the costs. The research findings in this study demonstrated that for sure operational efficiency is a key strategic driver for firms aiming to produce at a low cost which in turn helps to maximize profit in the long term. When asked where Safaricom implemented low-cost strategies "*We achieve low cost by controlling production costs as well as non-production costs*" from the findings, respondents also indicated that "*indeed focusing on low-cost strategies has helped us to achieve economies of scale*". Hansen et al., (2015), purported that the only way to beat the market was to employ technology and experienced employees who would oversee cost control measures. This proposition was also confirmed by the current study findings. From the findings it was also obvious that Safaricom PLC had inculcated a learning culture to improve on quality and efficiency technique employed

by Safaricom PLC. Continuous improvement, use of advanced technology and skills enhancement has ensured that the Firm offered high quality products and services. This in turn gave a technological edge over players in the sector and led to growth in market share and consequently an improvement in organizational financial performance.

This premise was supported by a study conducted by Mora (2014) on the effect of continuous improvement strategy on firm performance. The findings of that study indicated that a culture of continuous learning and process improvement led to enhanced product value and customer satisfaction which contributed to increased profit margins. Results of a regression analysis carried out between factor of cost leadership strategy and the organizational performance of Safaricom plc revealed that positive change in organizational financial performance was attributed to variations in cost leadership strategy. These results were like those in the findings of a research carried out by Atikiya (2015) where it was established that there was a positive relationship between cost leadership and manufacturing firms' performance. Hence, a unit increase in cost leadership strategy led to an increase in organizational financial performance.

5.3.2 Differentiation Strategy on financial Performance

Based on the hypothesis There is no significant relationship between differentiation strategy and financial performance of telecommunication companies in Kenya. Contrary to this hypothesis, differentiation strategy was found to have a positive and significant effect on financial performance in telecommunication companies in Kenya ($p = 0.017$) where the level of significance was 0.05. As such, failed to accept the null hypothesis that differentiation strategy has no significant effect on the financial performance of telecommunication companies in Kenya and adopted the alternative

namely there is a significant relationship between differentiation strategy and financial performance of telecommunication companies in Kenya adopted by this study.

On differentiation study, the research findings proved the assertion that differentiation strategy uniquely determined the Safaricom PLC' financial performance as viewed from the growth in sales and profit. The findings of the study revealed that most respondents agreed that Safaricom Plc had adopted differentiation approaches to remain competitive. A high mean score was posted from the results of the data collection. The study further found that the relationship between differentiation strategy and organizational financial performance tended to move in the same direction implying a positive relationship. The statement "Safaricom has a strong and positive brand image Safaricom aggressively markets its brand through various channels to increase awareness of its unique products/services among its target market" with a mean score of 4.62 and a standard deviation of 0.490 which is higher than the composite mean 4.42 and a standard deviation of 0.816 implying that the statement has a positive influence on the financial performance of the firm. In the case of aggressive marketing, most respondents when interviewed mention "We *as Safaricom PLC aggressively market our brand through various channels to increase awareness of our high value and unique products and services*". As observed by Hugosson and McCluskey (2009) in Swedish sawmill companies, differentiation provides the business with relationship marketing which enables continued demand for the companies' product. Davcik and Sharma (2016) add that marketing is a crucial driver of a differentiator firm's business strategy as it helped the firms gain a competitive advantage over the competition and lead to better performance. Therefore, focused, and intense marketing had led to demand for Safaricom products and services which in turn had increased revenue and possibly brand awareness. In the statement

‘Safaricom has a strong unique value proposition “with a mean score of 4.44 and a standard deviation of 0.644, higher that the composite mean 4.42 and a standard deviation of 0.816 implying that the statement has a positive influence on the financial performance of the firm. As in the case of Hugosson and McCluskey (2009), this study established that differentiation, as is done through adding product features, provision of value-based services and focusing on strengthening core competencies, immensely contributes to increased demand for the telecommunication’ product and services. In a study by Organ (2014), majority of respondents surveyed agreed that products and services that were differentiated using technology and innovation attracted more customers. Similarly, most respondents mentioned that “The *use of technology has given the telecommunication firm an edge over other firms in the marke*t”. This attractiveness has had a positive impact on perspectives of organizational financial performance such increased use of Mpesa services especially during the COVID error where there was less usage of hard currency, increase in use of internet services, other products, and services the firm offered and in turn increasing revenue a surge also occurred during the covid error where many companies were forced to have their employee work from home. There was also an overwhelming consensus that brand image, a range of products, technology and customer-oriented services helped improve the financial performance of Safaricom Plc. Similarly, a study of telecommunication companies in Kenya by Arasa and Gathinji (2014), revealed that adoption of numerous differentiation strategies does not only make a firm stand out uniquely but may also enhance the profitability of the firms. In addition, high quality and high value are factors most respondents agreed are emphasized at Safaricom PLC. These were key features that drove up demand for their services because they create a perception among customers that there was a good return for the cost product and service. A study

by Dirisu et al., (2013), also established that high product quality and value added were critical variables of differentiation strategy. Strategists must come to realize that to improve performance, the organization must continually seek opportunities to create the most value and provide product features that increase customer satisfaction. Mwanzia (2015) in his research on market share among tea export firms adds weight to the link between high quality and differentiation by stating that the quality of goods/services of a firm that is superior to the one of other firms contributes to its performance. The study also revealed that most respondents were uncertain about the statement "Safaricom PLC opening shops in all parts of the country where customers could walk in and purchase or make enquiry" with a mean score of 4.08 and a standard deviation of 0.986, which was lower than the composite mean 4.42 and a standard deviation of 0.816 implying that the statement did not have a positive influence on the financial performance of the firm. They were also unsure about Safaricom creating events where customers could attend. From the regression analysis, it is evident that the adoption of differentiation strategies had led to enhanced organizational financial performance at Safaricom PLC.

5.3.3 Focus Strategies on financial Performance

Based on the hypothesis that market focus strategy has no significant effect on the financial performance of telecommunication companies in Kenya and since the effect of market focus strategy on financial performance of telecommunication companies in Kenya was positive and significant ($p = 0.000$) where the level of significance was 0.05. As such, failed to accept the null that market focus strategy has no significant effect on the financial performance of telecommunication companies in Kenya and the alternative was adopted namely there is a significant relationship between market focus

strategy and financial performance of telecommunication companies in Kenya adopted by this study

The findings based on the third hypothesis it revealed that Safaricom PLC had employed various focus strategy marketing techniques in its goal to maximize shareholder wealth. Focus strategy was presumed at the beginning was confirmed to have a positive significant effect on the Safaricom Plc' financial performance. Focus strategies as assessed by the specialty of products and/or service and low-cost focus has been found to improve the performance of Safaricom PLC. Most of the respondents in this study, in a statement agreed that focus on a specific niche- in this case Safaricom offered services and products that served a particular type of customers' needs and preferences backed by the statement "Safaricom segments products based on the benefit sought by the customers "with a mean of 4.54 and a standard deviation 0.662, which was higher than the composite mean 4.45 and a standard deviation of 0.816 implying that the statement had a positive influence on the financial performance of the firm. This is like findings by Atikiya (2015), which revealed that focusing on a market segment with growth potential guarantees an increase in sales as compared to a saturated market. Most of the respondents in the study agreed, one the senior manager said, *"by us offering high quality product and services, Safaricom PLC has had steadily grown its customer base and could therefore offer fair prices by exploiting economies of scale"*. According to Bertozzi, Ali and Gul (2017), when a firm adopts a focus strategy, specifically the cost focus variant, it increases brand loyalty and market share by offering good quality products and services at an affordable price to a particular market segment. Ouma and Oloko's (2015) study on bus companies established that firms may achieve financial growth by gaining a cost advantage in a particular segment. In this study, most respondents agreed that "Safaricom PLC was

able to attract more customers by charging pocket friendly fees". There was therefore a consensus that Safaricom PLC had employed some focus strategy techniques that had yield a strong positive effect on organizational financial performance backed by the statement "Safaricom offers fair prices by providing better quality products and services" with a mean of 4.02 and a standard deviation of 0.892 which was lower than the composite mean 4.45 and a standard deviation of 0.816 implying that the statement did not have a positive influence on the financial performance of the firm. Analysis of the responses from the study aligned to a study by Waiyaki (2014), where it was found that differences in market segment require companies to focus on differentiated products/services that have attractive design to cater for the customers need and wants. Therefore, proper identification of the niche market is critical for the successful implementation of focus strategies. The fact that the niche can disappear with time due to changing the preference, taste, and fashion, demands that the companies must pay close attention to these changing tastes and preferences and adapt rapidly to customer demands (Lynch, 2003). In his summation, Yasar (2010) noted that in many departments such as marketing, procurement, and R&D, focus strategy is instrumental as it indicates where more resources should be allocated for improved performance. This research also confirmed the importance of this strategy, especially for the Safaricom PLC. In this case, Safaricom PLC is focused on providing quality products and services to all income segment of the population by developing a product that were attractive, priced and that would generate increased revenue. However, the main weakness of focus strategy was observed when the focused segment was too confined to be economical or when the segment declined with time (Atikiya, 2015). Therefore, the effect of focus strategy on organizational financial performance perspectives is positive.

5.3.4 Strategic alliance on financial Performance

Based on the hypothesis there is no significant relationship between a firm's strategic alliance and the financial performance of telecommunication companies in Kenya. Analysis showed that the effect of strategic alliance approach on financial performance of telecommunication companies in Kenya. was positive and significant (p =0.013) and a level of significance of 0.05. As such, failed to accept null hypothesis that strategic alliance had no significant effect on financial performance of telecommunication companies in Kenya. As such, the alternative hypothesis namely there is a significant relationship between strategic alliance and financial performance of telecommunication companies in Kenya adopted by this study.

The findings based on the fourth research hypothesis revealed that Safaricom PLC had employed various strategic alliance strategy as a marketing technique in its goal to maximize shareholder wealth. Strategic alliance strategy as presumed at the beginning was confirmed to have a positive insignificant effect on the Safaricom Plc' financial performance. The findings suggested that most of the respondents agreed overwhelmingly that strategic alliance techniques such joint venture, vertical integration, horizontal integration and alliances, emphasis on maximizing customer value and creates economy of scale for the organization supported by the statement "Safaricom adopts partnerships to Maximize value for customers" with a mean of 4.52

and a standard deviation of 0.646, which is higher than the composite mean 4.47 and a standard deviation of 0.599 implying that the statement had a positive influence on the financial performance of the firm.. Nguyen and Tran (2017) describe strategic alliance as a collaborative effort that pools resources between organizations to achieve mutually compatible goals that they could not easily achieve alone. Strategic alliance created interdependence between autonomous economic units, bringing new

benefits to partners in the form of intangible assets while obligating them to make continuing contributions to their partnership. Safaricom Plc during the covid 19 Era made alliances with different institution during COVID -19 UNICEF and Safaricom made an agreement to help Kenyan children in a range of areas including education, child protection and emergencies. The new partners pledged to work together to ensure children – especially the poorest and most marginalized – could access the Internet at school, and were protected from violence and abuse, and received life-saving information during droughts, floods, and disease outbreaks such as COVID-19.

5.4 Conclusions

The findings suggest that most of the respondents agreed that cost leadership approaches such as economies of scale, cost reduction, specialized labor, technology, outsourcing, Smart procurement, introduction, and chain efficiency are applied by the organization. The principle of charging lower prices, investing in technology in a bid to lower costs should however be managed carefully to avoid compromising on the quality of products and services. Cost saving benefits can be realized from automation, outsourcing, improved internal efficiency and procuring raw materials at reduced prices. Safaricom Plc should however be careful not to undermine quality at the expense of minimizing operational costs. The firm should also not sacrifice other revenue generating strategies in their pursuit of being a cost leader. Lower prices may lead to a rise in demand and increased market share but a firm that is applying cost minimization strategies may compromise on quality and customer satisfaction and eventually experience a decline in revenues. While applying cost leadership measures, Safaricom Plc should also ensure its brand image is not eroded.

On differentiation study, the research findings proved the assertion that differentiation strategy uniquely determined the Safaricom PLC financial performance as viewed

from the growth in sales and profit. The findings of the study revealed that most respondents agreed that Safaricom had adopted differentiation approaches to remain competitive. A high mean score was posted from the results of the data collection. The study further found that the relationship between differentiation strategy and organizational financial performance tended to move in the same direction implying a positive relationship. In the case of aggressive marketing, most respondents agreed that Safaricom plc aggressively markets its brand through various channels to increase awareness of its high value and unique products and services. As observed by Hugosson and McCluskey (2009) in Swedish sawmill companies, differentiation provides the business with relationship marketing which enables continued demand for the companies' product. Davcik and Sharma (2016) add that marketing is a crucial driver of a differentiator firm's business strategy as it helps the firms gain a competitive advantage over the competition and leads to better performance. Therefore, focused and intense marketing had led to demand for Safricom PLC product and services which in turn had increased revenue and possibly brand awareness. In a study by Organ (2014), majority of respondents surveyed agreed that products and services that are differentiated using technology and innovation attract more customers. Similarly, most respondents agreed that the use of technology gave an edge over other telecommunication firms. This attractiveness has had a positive impact on perspectives of organizational financial performance such as increased customer base especially, use of Mpesa, internet and mobile data. There was also an overwhelming consensus that brand image, a range of products, technology and customer-oriented services help improve the performance of Safaricom PLC. Similarly, a study of telecommunication companies in Kenya by Arasa and Gathinji (2014), revealed that adoption of numerous differentiation strategies does not only make a firm stand out uniquely but may also

enhance the profitability of the firms. In addition, strong unique value proposition, pre-sale and post- sales services to its client are factors most respondents agreed are emphasized at Safaricom. These are key features that drive up demand for their services because they create a perception among customers that there is a good return for their product and services. A study by Dirisu et al., (2013), also established that high product quality and value added are critical variables of differentiation strategy. Strategists have to come to realize that in order to improve performance, the organization must continually seek opportunities to create the most value and provide product features that increase customer satisfaction. Mwanzia (2015) in his research on market share among tea export firms adds weight to the link between high quality and differentiation by stating that the quality of goods/services of a firm that is superior to the one of other firms contributes to its performance. The study also revealed that most respondents were uncertain about Safaricom Plc providing unique products and services. They were also unsure about Safaricom PLC having a strong and positive brand image. These findings contradict the results of studies that have listed uniqueness and a strong brand as some of the essential variables of a differentiator firm. Competitive advantage can arise from a business providing products that are unique and that create a perception of superior value (Dirisu et. al., 2013). A study done by Ingenhoff and Fuhrer (2010), on corporate brand positioning revealed that a strong, positive brand is imperative for any firm pursuing market dominance through a differentiation strategy. From the regression analysis, it is evident that the adoption of differentiation strategies has led to enhanced organizational financial performance at Safaricom PLC.

The findings based on the third research question revealed that Safaricom Plc has employed various focus strategy marketing techniques in its goal to maximize

shareholder wealth. Focus strategy as presumed at the beginning was confirmed to have a positive effect on the Safaricom plc' financial performance. Focus strategies as assessed by the specialty of products and/or service and fair prices by providing better quality products and services. Most of the respondents in this study, agreed that focus on a specific niche- in this case c offering services and products that serve a particular type of customers' needs and preferences; segments products based on the benefit sought by the customers; use of technology; committed and highly motivated staff improved the firm's financial performance. This is similar to findings by Atikiya (2015), which revealed that focusing on a market segment with growth potential guarantees an increase in sales as compared to a saturated market. Most of the respondents in the study agreed that by offering high quality products and services, Safaricom PLC has steadily increased its market share and can therefore offered fair prices by exploiting economies of scale. According to Bertozzi, Ali and Gul (2017), when a firm adopts a focus strategy, specifically the cost focus variant, it increases brand loyalty and market share by offering good quality products and services at an affordable price to a particular market segment. Ouma and Oloko's (2015) study on bus companies established that firms may achieve financial growth by gaining a cost advantage in a particular segment. In this study, most respondents agreed that "Safaricom PLC was able to attract more customers by charging pocket friendly fee", "Safaricom PLC was able to attract more customers by offering manageable payment plans to its various services e.g. internet connectivity, data plan, voice plan postpaid and prepaid". Safaricom plc was able to offer fair prices by minimizing its costs". There is therefore a consensus that Safaricom PLC had employed some focus strategy techniques that unfortunately from the data analysis have not yielded a very strong positive effect on organizational performance. Analysis of the responses from the study

align to a study by Waiyaki (2014), where it was found that differences in market segment require companies to focus on differentiated products/services that have attractive design to cater for the customers need and wants. Therefore, proper identification of the niche market is critical for the successful implementation of focus strategies. The fact that the niche can disappear with time due to changing the preference, taste, and fashion, demands that the companies must pay close attention to these changing tastes and preferences and adapt rapidly to customer demands (Lynch, 2003). In his summation, Yasar (2010) noted that in many departments such as marketing, procurement, and R&D, focus strategy is instrumental as it indicates where more resources should be allocated for improved performance. This research also confirmed the importance of this strategy, especially for the Safaricom PLC. In this case, Safaricom PLC is focused on offering services and products that served a particular type of customers' needs and preferences by developing a product that is attractive, priced and that would generate increased revenue. However, the main weakness of focus strategy was observed when the focused segment was too confined to be economical or when the segment declines with time (Atikiya, 2015).

The findings based on the fourth research question revealed that Safaricom PLC had employed various strategic alliance strategy as a marketing technique in its goal to maximize shareholder wealth. Strategic alliance strategy as presumed at the beginning was confirmed to have a positive although insignificant effect on the Safaricom Plc' financial performance. The findings suggested that most of the respondents agreed overwhelmingly that strategic alliance techniques such joint venture, vertical integration, horizontal integration and alliances, emphasis on maximizing customer value and creates economy of scale for the organization. Nguyen and Tran (2017) describe strategic alliance as a collaborative effort that pools resources between

organizations to achieve mutually compatible goals that they could not easily achieve alone. Strategic alliance creates interdependence between autonomous economic units, bringing new benefits to partners in the form of intangible assets while obligating them to make continuing contributions to their partnership. Safaricom had been engaging in strategic alliance with Vodafone PLC which led to the innovation of M-PESA. M-PESA has been a constant revenue steam for Safaricom, contributing 8% of Safaricom's annual revenue. It has also given banking services to the rural and many un-banked Kenyans and has been hailed worldwide as the greatest Mobile service innovation of the decade. Strategic alliance with One Comm Ltd had helped Safaricom get a 79.6% data market share in the emerging data industry in the country. Data is expected to be the greatest revenue stream for Safaricom in years to come, primarily because marginal revenues in the traditional voice services have been decreasing over the years. An alliance with JTL helped Safaricom realize significant savings in capital and operational expenditures when Safaricom opted to network traffic. Other key alliances were the alliances with commercial banks and several utility firms in the country. The study therefore concluded that Safaricom unfortunately from the data analysis did not yield a strong positive effect on organizational financial performance. because of entering strategic alliances. Although if the company did not engage in the above-mentioned alliances, it would not have gained the market share and the market leadership that it currently has.

5.5 Recommendations Recommend

The findings of the study indicate that cost leadership strategy, differentiation, focus and strategic alliance strategies are a contributor to the organizational performance of telecommunication companies in Kenya. This means that continued implementation of this strategies may yield better results thus companies that deploy these strategies

effectively can outperform competitors in the industry and improve in the four organizational perspectives: - financial, customers, internal processes and learning and growth. This study recommends that telecommunication companies in Kenya embrace and invest in cost leadership, differentiation, focus and strategic alliance strategies. The management should also respond swiftly to environmental changes and eroded value that arises from competitor activities.

For policy recommendation to develop core competences there is need for good leadership from the management and involvement of all stakeholders. Government, firm management, and stakeholders organized AGM critical for the continued success of the organization. This process of strategic choice will lead to motivation and commitment during implementation. For involvement of stakeholders which is critical, communication must be effective.

5.6 Areas of further research

The objective of this study was to investigate the effects of competitive strategies on financial performance of telecommunication companies in Kenya. Similar study should be done in other telecommunication companies during and after the COVID -19 era. Future studies could also be done to include other telecommunication companies.

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APPENDICES

Appendix I: Letter of Introduction

Dear Respondent

Letter of Introduction

I am writing to request permission to conduct a research study at your esteemed company. I am currently enrolled in the MBA program at Africa Nazarene University and am in the process of writing my master's Thesis. The study is entitled the Effects of competitive strategy on the financial performance of telecommunication companies in Kenya during the covid -19 pandemic. A case study of Safaricom PLC. The research is being carried out as part of the requirements of obtaining the degree. You have been selected to form part of this study and are kindly requested to assist in data collection by responding to questions in the accompanying disclosure check index. The information provided will exclusively be used for academic purposes only and will be treated with utmost confidence. As a participant, you are free to request for a soft copy which can be sent to you via email. Your cooperation and assistance will be highly appreciated

Your approval to conduct this study will be greatly appreciated.

Yours faithfully,

Grace Chege

APPENDIX II RESEARCH INSTRUMENTS

You have been randomly selected for the study on "**Effects of competitive strategies on financial performance of telecommunication companies in Kenya during the covid -19 pandemic era**) **A case of Safaricom PLC**". This questionnaire has six sections. Kindly complete every part of the questionnaire. Please fill the questionnaire as honesty as possible since this information will not be used for any other purpose apart from academic research. For purpose of confidentiality please do not indicate your name.

SECTION A: GENERAL INFORMATION1.

Please fill out the questionnaire in the spaces below. Kindly tick only one response.

1. Gender

   Male. ()

   Female. ()

2. Indicate your age bracket

Below 20 years. () 20-30 year. () 31-40 years. () 41-50 years. () Above 50 years

3. State your highest level of education.

Secondary level. () College .() University.() Postgraduate. ()

4. What position do you hold in the organization? This should align with your sample categories

Senior management. () Middle-level management. () Lower-level management. ()

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5. How many years have you worked with this organization?

Below 5 years. () 6-10 years. ( ) 11-15 years. ( ) 16 years and above ( )

PART B: **Competitive Strategies.**

1. What is your level of agreement with the following statements that relate to the influence of competitive strategies in your firm? Use a scale of 1-5, where 1- strongly disagree, 2- disagree, 3- neutral, 4- agree,

5- strongly agree.

i) Cost leadership strategy	**1**	**2**	**3**	**4**	**5**
a) Low price					
1. The cost of products and services is lower than other competitors.					
2. Safaricom PLC offers frequent discounts.					
3. Safaricom uses cost avoidance as a way of price reduction.					
b) Production cost					
1. Safaricom PLC price is low because its products are own manufactured using a state-of-the-art facility					
2. Safaricom PLC continuously seeks to reduce prices without sacrificing its products' & services' essential features or acceptable quality.					
c) New products development					
1) Products designed by Safaricom are often new to the market					

2) Products designed by Safaricom involve innovative technologies					
3) Safaricom has introduced a new or significantly improved product into the market before its competitors.					
4) When Safaricom introduces new products they are well received by consumers					
5) Safaricom's improved products are received better than its newly introduced products					
6) Safaricom constantly introduces new products to compete in the market					
d) Reduce operation costs.					
1. Safaricom has been embracing the go green strategy					
2. Safaricom negotiates with its supplies to get the best prices by using biding processes					
3. Safaricom has embraced the latest technology in its operations					
4. Safaricom outsource certain business practices to a third-party specialist					
e) Economies of scale					
1. Safaricom purchases inputs such as raw materials in bulk					
2. Safaricom reduction in average costs also comes from spreading the cost of the business function to more output.					
3. Safaricom uses Specialization and the division of labor contributing to lower costs and achieving economies of scale					
4. Safaricom invests in human capital.					
F) Smart procurement					
1. Safaricom uses smart procurement to do its procurement					

2. Safaricom uses smart procurement to increase efficiency and reduce cost					
ii) Differentiation strategy					
a) **Innovation/invention**					
1. Safaricom focuses on continuous improvement to create better value for its customers					
2.Safricom embraces the use of technology in day-to-day operations					
3. Safaricom ensures that its stuff receive continuous training on use of new technology					
b) **Product level differentiation**					
1.Safaricom uses/offers unique competition. Strategies/products to attain a competitive edge.					
2. Safaricom segments products based on the benefit sought by the customers.					
3. Safaricom has adopted differentiation. Strategy to improve performance.					
4. Safaricom uses differentiation as a strategy to differentiate its products and services from its rivals.					
c)Branding					
1.Safaricom has a strong and positive brand image					
2. Safaricom aggressively markets its brand through various channels to increase awareness of its unique products/services among its target market.					
3. Safaricom has a strong unique value proposition.					
d)Service pre-sale and post-sale					
1.Safaricom offers pre-sale and post- sales services to its client					
2.Safaricom offers pre and post sales to offer understand the unique customer requirements					
3.Safaricom offers pre -sales to attract new clients**.**					
e) Offer variety of products point of customer interaction					

1.Safaricom create positive customer experiences					
2.Safaricom uses email newsletter to send weekly updates and promotions.					
3. Safaricom uses social media advertisement to reach out to its customer					
4.Safaricom has opened shops in all parts of the country where customers can walk in and purchase or make enquiry					
5.Safaricom creates events where customers can attend.					
6. Safaricom customers call a support line to get help with a product or service.					

iii) Market focus strategy	**1**	**2**	**3**	**4**	**5**
a) firm seeks a cost advantage in its target segment					
1. Safaricom exploits the use of technology to keep operation costs down and to improve the quality					
Safaricom offers fair prices by providing better quality products and services					
b**) providing unique and desirable features**					
1.Safaricom offers services and products that serve a particular type of customers' needs and preferences					
2.Safaricom segments products based on the benefit sought by the customers.					
3.Safaricom is known for its committed and highly motivated staff					
4.Safaricom is known for use of technology					
iv)Strategic alliance strategy					
Partners					

Safaricom adopts partnerships to Maximize value for customers					
Safaricom adopts partnership in Opening up new markets**.**					
Safaricom adopts partnership to Create a pathway to eventual acquisition					
Joint Ventures					
Joint ventures contribute to Safaricom Access improved (new) technology					
Joint ventures contribute to Managing informal issues in international markets					
Joint ventures contribute to managing formal domestic business issues					
Vertical integration					
By vertical integration, Safaricom improves its business operations					
Safaricom has Improved supply chain coordination					
Safaricom has Captured upstream or downstream profit margins.					
Horizontal integration					
Safaricom has increased market share					
Through horizontal integration, Safaricom had created economies of scale					

Financial Performance

1. To what degree are the following performance indicator used in your organization?

Please tick in the appropriate square. 1= Least extent, 2= Low extent, 3= Moderate extent, 4= Great extent, 5= Very great extent

i)Return on investment for research and development	**1**	**2**	**3**	**4**	**5**
Safaricom produced strong financial earnings for shareholders					
Safaricom's activities generate additional GDP, tax revenue, and job opportunities in the Kenyan economy					
ii)Revenue growth					
Safaricom Promoted inclusive and sustainable economic growth, employment, and decent work for all.					
Safaricom has built resilient infrastructure, promote sustainable industrialization, and fostered innovation					
Safaricom service revenue had declined in 2021 due to covid pandemic					
Safaricom increased capital expenditure for growth and infrastructure.					
iii)Profitability					
Safaricom embraces Digital operating model and agile ways of working					
Safaricom has a Strong employee proposition and unique reward propositions					
Safaricom is committed to equal opportunities, safety, and wellbeing					
Safaricom applies Digital and leadership upskilling and reskilling					
iv)Success in Universal payment network.					
Reduced operational costs because they no longer need to carry cash					
Increased sales					
Increase in personal savings due to less money being lost to theft					
Increase in personal savings due to convenience and reduced transaction costs when sending money					

Increase in personal savings due to increased receipt of money and its control as well as financial resilience					
Increase in personal savings due to reduced travel costs when receiving money through M-PESA					
Improved ability to track money					
v)customer accusation ratio					
Safaricom has achieved a customer attrition rate					
Safaricom has achieved Customer satisfaction and retention rate					
vi)operational efficiency					
Safaricom has adopted Innovation expenditure					
Sound compliance and governance systems					
Skills attained with training					

APPENDIX III ANU LETTER OF RESEARCH AUTHORISATION

3rd, February, 2022

E-mail: researchwriting.mba.anu@gmail.com
Tel. 0202711213

Our Ref: 14S03EMBA015

The Director.

National Commission for Science,
Technology and Innovation (NACOSTI),
P. O. Box 30623, 00100
Nairobi. Kenya

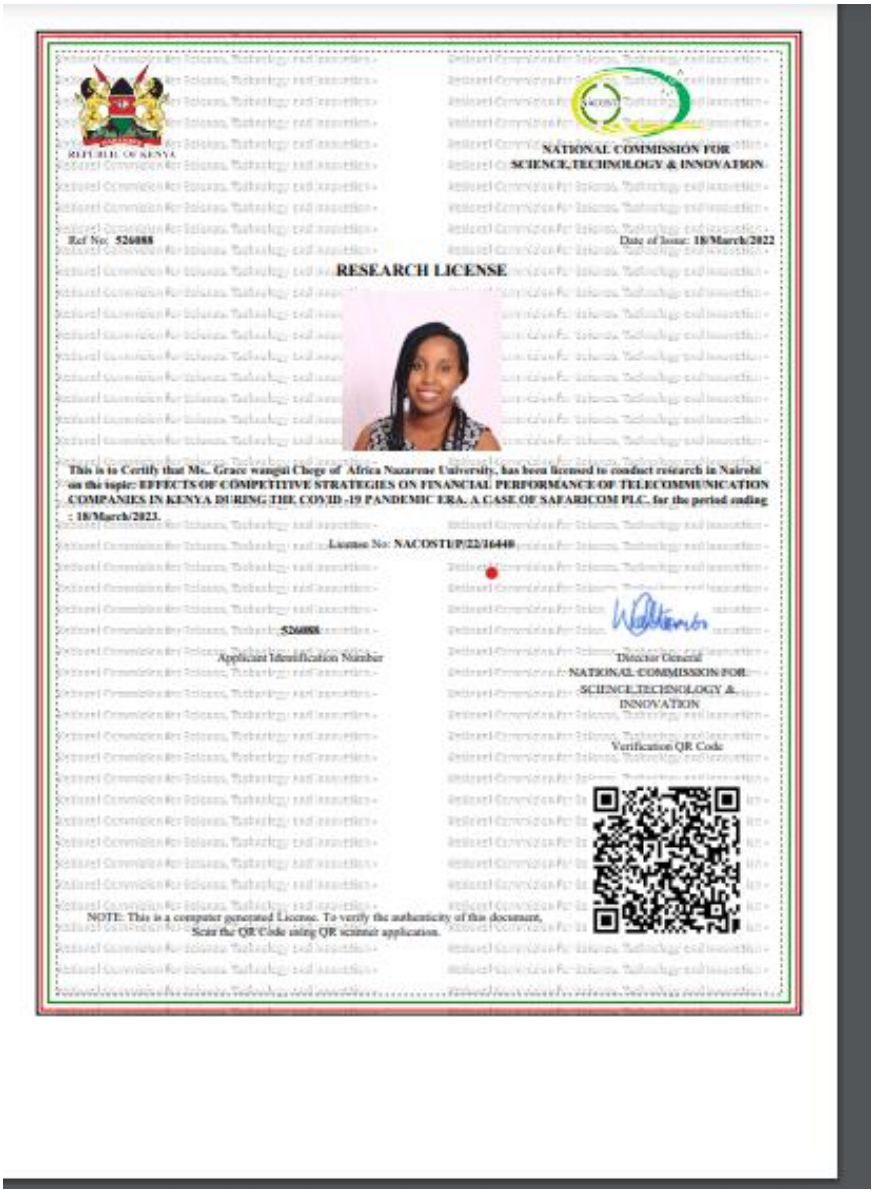
Dear Sir/Madam:
RE: RESEARCH AUTHORIZATION FOR: GRACE WANGUI CHEGE

Miss. Grace is a postgraduate student of Africa Nazarene University in the Master of Business Administration (MBA) program.
In order to complete her program, Miss. Grace is conducting research entitled: "**Effects of Competitive Strategies on Financial Performance of Telecommunication Companies in Kenya During the Covid -19 Pandemic Era. A Case of Safaricom Plc"**
Any assistance offered to her will be highly appreciated.

Yours Faithfully,

DR. Kimani Gichuhi,
MBA, Coordinator,
School of Business,
Africa Nazarene University.

APPENDIX IV NACOSTI LETTER OF AUTHORIZATIO



REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Ref No: 526088

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Appendix IIV Map of Nairobi

