DETERMINANTS OF COMPETITIVE ADVANTAGE OF FIRMS IN THE TELECOMMUNICATIONS INDUSTRY IN KENYA.

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MAY 2018
DECLARATION

This Research Project is my original work and has not been presented for a degree or any award for academic credit in any other university or tertiary institution.

Sign: ……………………………………. Date: ……………………………

Benson Kokonya Milao
D53/OL/CTY/24976/2014

This research project is hereby submitted for examination with my approval as the university supervisor

Sign: ……………………………………. Date: ……………………………

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DEDICATION

This study is dedicated to my beloved wife Winfred M. Milao and my daughter Ashley A. Milao for cheering and supporting me throughout the program.
ACKNOWLEDGEMENTS

First and foremost, I wish to thank the Almighty God for His enduring grace throughout this program.

Secondly, I wish to thank my dedicated supervisor, Mr. Bett, and also my fellow classmates whose support and guidance has been invaluable in this project.

Last but not least, I wish to thank my dear family for their understanding, unwavering love, prayers and unrelenting support throughout this project.
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<td>GSM</td>
<td>Global System for Mobile Communications</td>
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<tr>
<td>NSE</td>
<td>Nairobi Stock Exchange</td>
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<tr>
<td>PESTEL</td>
<td>Political, Economic, Social, Technological, Environmental and Legal factors</td>
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<td>R&amp;D</td>
<td>Research and Development</td>
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R & D      Research and Development

SHOFCO     Shining Hope for Communities

BYOB       Be Your Own Boss

SDGs       Sustainable Development Goals

CSR        Corporate Social Responsibility

NGOs       Non-Governmental Organizations

M-SHWARI   Paperless Banking Offered Through M-PESA

M-TIBA     A Service on the Mobile Phone that Allows One to Set Funds Aside for Health.

SPSS       Statistical Package for the Social Sciences. It is a software package used for statistical analysis.
DEFINITION OF TERMS

**Competitive Advantage** refers to what sets an organization apart. It is the distinct edge that gives it a superior performance.

**Training** refers to the acquisition of skills, knowledge, and competencies. This is usually as a result of practical or vocational skills and knowledge that relates to specific useful skills.

**Strategy** is a broad formula on how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals" and the "...combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there."

**Innovation** is the process of translating an invention or idea into a service or good that creates value or for which customers will pay. It entails deliberate application of imagination, information, and initiative in deriving different or greater values from resources, and includes all processes by which new ideas are generated and converted into useful products or services.

**Customer orientation** refers to a thorough understanding of customer’s needs or wants, the competitive environment, and the nurture of the market used to formulate all the firm’s plans and actions to create satisfied customers.

**Stakeholders** refer to people/organizations with an interest in an organization’s success, failure, or activities, and therefore a desire to influence its behavior.
ABSTRACT

The Telecommunications industry in Kenya is full of competition. The companies currently present include Safaricom Kenya Limited, Airtel Networks Kenya Limited, Telkom Kenya Limited (Orange), Essar Telcom Kenya (YU) and lately, Equity Bank Limited with the Equitel money. This study sought to evaluate the determinants of competitive advantage for firms within the Telecommunications industry in Kenya. The objectives of the study were to find out the effect of innovation on competitive advantage, to establish how staff training is a determinant of competitive advantage, to determine the extent to which customer orientation is a determinant of competitive advantage, and to examine the effect of stakeholder involvement on competitive advantage. The study discusses the concept of competitive advantage and its sources, gives an overview of the Telecommunications industry in Kenya and that of Safaricom Kenya limited and its organization. The study also reviews some of the theories of competitive advantage and discusses key determinants of competitive advantage that is innovation, staff training, customer orientation and stakeholder involvement. It also gives a conceptualization of how innovation, staff training, stakeholder involvement and customer orientation contribute towards a competitive advantage. The respondents that were targeted by the study were the divisional and functional leaders at Safaricom Limited. The target population was 90 subjects from which a sample of 40 % was drawn using stratified sampling. Questionnaires were used to collect data after being pilot tested. Validity and reliability testing was done to evaluate for internal consistency among variables. Data was analyzed using statistical package for social sciences. Qualitative data was analyzed using thematic and content analysis. The results have been presented in a narrative format. The study established that Safaricom is a market leader in the telecommunication industry in Kenya. It also established that innovation, staff training, customer orientation and stakeholder involvement are major determinants of competitive advantage for firms. The study therefore concludes that organizations should pay special attention to these factors in order to maintain competitive advantage.
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

A firm can only achieve superior performance if it provides services or goods/products which customers can pay for at a price that is higher than it costs the firm to produce/manufacture them. It is imperative that the firm must therefore create value to be able to achieve superior performance and have a competitive edge. Value creation is at the centre of any successful strategy. However, value creation in itself is not enough. In order to prosper, the firm must be able to capture the value it creates. In order to create and capture value, the firm must have a sustainable competitive advantage (Porter, 1980).

In the creation of a strategy that will help deliver competitive advantage, change is a factor that cannot be ignored. This is the reason why many thinkers for centuries now, have made several declarations about change. For example, Della and Grafman (2013) in their article said, “Nothing endures but change”. In the same vein, the business environment is subject to change, the telecommunications industry in Kenya being no exception. It is therefore critical that an organization is aware of these changes because it is only then that it can take deliberate steps to craft and execute strategies that will deliver competitive advantage.

Strategies that are masterful are as a result of doing things differently from competitors where it counts-out innovating them, being more efficient, being more imaginative, adapting faster-rather than running with the herd (Thompson and Strickland, 2004). Masterful strategies will help an organization to defeat competition and dominate the market (Boag and Dastmalchian, 1988).

A competitive advantage can only be achieved and sustained after careful examination of strategy and the strategic management process. A strategy is the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competencies with the aim of fulfilling stakeholder’s expectations (Johnson, Scholes, &Whittington, 2008). By strategy, managers mean their large-scale, future-oriented plans for interacting with the competitive environment to achieve company objectives. A
strategy is a company’s game plan. Although that plan does not precisely detail all future deployments (of people, finances and material), it provides a framework for managerial decisions. It reflects a company’s awareness of how, when and where it should compete; against whom it should compete; and for what purposes it should compete. A strategy is a compass, a guide, a plan, a course of action into the future, or generally a path to get from here to there (Patanakul and Shenhar, 2011). A focused organization therefore, requires a strategic action plan/ a response that will seek to review how business is being conducted vis-à-vis the content/existing business environment to ensure the adoption of appropriate strategies that will help to deliver sustainable competitive advantage.

Last but not least, strategic management is key in trying to achieve and sustain a competitive advantage. It is the process whereby managers establish an organization’s long-term direction, set specific performance objectives, develop strategy to achieve those objectives in the light of all relevant internal and external circumstances and undertake to execute the chosen plans. It involves both long-range thinking and adaptation to changing conditions. However, each change carries a risk. Whatever action plan/ response/ strategy to be adopted; it should be designed to generate a sustainable competitive advantage. When competitors ultimately learn how to copy the strategy, the firm should modify or re-formulate the strategy to stay ahead (Thompson and Strickland, 2004).

1.1.1 Competitive Advantage and its Sources
There are several definitions of the concept of competitive advantage. It is that which sets an organization apart, that is, its distinct edge. That distinct edge comes from the organization’s core competencies, which might be in the form organizational capabilities-the organization does something that others cannot do or does it better than others can do it (Barney and Clark, 2007).

According to De wit and Meyer (2010), a firm has a competitive advantage when it has the means to edge out and outsmart rivals when contesting for the favour and following of customers. Schermerhorn et al. (2014) says a competitive advantage comes from operating in successful ways that are difficult to imitate.
A competitive advantage is the “how” of strategy. It actually defines in what ways the firm intends to achieve its long-term goals within the chosen scope. Since the firm faces actual and potential competitors, it must have a compelling reason to expect that it will be able to compete effectively against them (Porter, 1980). As the phrase “competitive advantage” suggests, a high performance firm must achieve advantage over its competitors. To be successful, a firm does not need to have an advantage over all of its competitors. This is because many markets have room for several firms that have parity to compete. However, a firm will genuinely do better if its source of competitive advantage is unique.

A firm that does something in a better manner than most of its actual or potential competitors has an advantage in that activity. However, this can be a competitive advantage only if being better at that activity contributes to the firm’s ability to meet its long-term goals. For example, a firm that is best in its industry at filing documents has an advantage in document filing. This will not provide it with a competitive advantage, however, unless document filing speed is somehow linked to the basis on which firms compete (Porter, 1980).

According to Porter (1980), there are different kinds of competitive advantages, and they can be divided into categories, that is, advantages based on the firm’s position and advantages based on the firm’s capabilities. A firm can have many specific kinds of positional advantage, but any positional advantage takes one of the three forms: positional advantage from an attractive industry structure e.g. a duopoly where both firms benefit from the attractive industry structure; positional advantage from heterogeneity within the industry e.g. a firm having a dominant position from a fragmented industry will do better than other industry incumbents; and positional advantage from a network of relationships e.g. with buyers, suppliers, or competitors. Examples of positional advantage include brand name (a strong brand commands premium), customer relationships, government protection and support (government intervention could favour a firm), status of the firm, distribution channels, geographic incumbency, and being a gate keeper in the flow of goods or information. A firm can also have a capabilities-based competitive advantage because firms possess many different kinds of capabilities. This could include a firm having specific knowledge or
know-how that is related to a given process, special access to low-cost inputs hence produce at low cost, among others.

There are several sources/origins of competitive advantage. These include having lower production compared to one’s competitors, products that are of higher quality, customers with greater loyalty and following, the capacity to innovate more quickly, a superior service capability, a better business location, an information technology system that enables a firm to replenish inventory more quickly and efficiently than rivals, among others. Another source of competitive advantage is creating a direct-selling channel that is highly responsive to customers and perfectly fits their needs; having skills at giving customers what they want—quick, convenient, and fun service; or the organization having something that competitors do not have. Quality can also be a very serious source of competitive advantage if implemented carefully. By applying quality management concepts to the operations of an organization well, an organization can set itself apart from its competitors thereby attracting a very loyal and repeat customer pool. Constant improvement in the quality and reliability of an organization’s products or services may result in a competitive advantage that cannot be imitated or taken away. Product and service innovation can offer opportunity for competitive advantage; however, this could be short-lived because competitors could easily copy the same as soon as it hits the market. A firm’s strategic resources can also be a source of competitive advantage. The empirical indicators of the capability of an organization’s resources to generate sustained competitive advantage include value, rareness, imitability and substitutability (Barney, 1991).

1. 1.2 The Telecommunications Industry in Kenya

According to Kinuthia (2014), the Kenyan mobile or cellular phone service industry is an industry that is largely reliant on three mobile telephone service providers: Safaricom Kenya limited, Airtel Networks Kenya Limited and Telkom Kenya Limited (Orange). The fourth entrant is Essar Telecom Kenya Limited (YU) and most recently, Equity Bank Limited with the Equitel money platform.

This industry has witnessed a rapid and tremendous growth over the last decade. With a population of about 44.35 million, Kenya’s mobile penetration is relatively at a rate
of about 78.2 percent. In the financial year 2013-2014, mobile subscriptions grew by 5.6 percent to reach 32.2 million with Safaricom accounting for 20.8 million, Airtel 5.5 million, Essar 2.8 million and Telkom 2 million subscribers according to the regulator, CCK. This unprecedented growth can be attributed to the liberation of the communication sector in Kenya in 1998 that led to the advent of Safaricom followed by Airtel in 1999, YU in 2008 and the other players. It can also be attributed to the government taking a unique open access approach with plans to license a multi-faceted consortium to operate 4G LTE networks. Just recently, the regulator (CCK) compelled Safaricom to open up its popular M-Pesa platform to rival networks. This will undoubtedly increase competition in the Telecommunications industry and in effect, will ensure customers can shop around for the best service and prices, prompt operators to deliver quality services and the investors will have the opportunity to exercise their creativity, strategic decision-making ability and investment capacity.

The fast-growing telecommunications industry in Kenya is characterized by rivalry between the two major operators, that is, Safaricom, a 60/40 percent joint venture between the government-owned Telkom Kenya and Britain’s Vodafone, accounting for a market share of 67.4 percent; and Airtel, accounting for 22.6 percent.

It is important to mention that in January 2015, Essar, one of the major operators, concluded the sale of its Kenya-based YU Mobile to Telkom giants Airtel and Safaricom for $120 million. The network, Information Technology, and office infrastructure was sold to Safaricom, while Airtel absorbed the 2.55 million subscriber base.

1.1.3 Synopsis of Safaricom Limited

Safaricom Limited started as a department of Kenya Posts and Telecommunications Corporation. It later launched its operations in 1993 based on an analogue ETACS network which was later upgraded to GSM in 1996 and license later awarded in 1999. It was incorporated in April 1997 as a private limited liability company with 40 percent ownership held by Vodafone Kenya Limited, a subsidiary of Vodafone Group Plc an established leader in global mobile telecommunications industry. It later converted to a public company with limited liability on 16th May, 2002, where the
government held 60 percent of the shares, 25 percent of which were auctioned off in 2008 on the NSE. Safaricom offers mobile telecommunication services through five product segments: prepaid, postpaid, M-Pesa, Business and enterprise and the almost defunct Simu ya Jamii.

Being the leading mobile service provider in Kenya, Safaricom has had the monopoly of enjoying huge profits for a very long period. However, the introduction of new players in the industry and the changing regulatory landscape has brought new challenges to Safaricom. This new competitive industry landscape will continue exerting pressure to Safaricom’s market share especially with the demands for Safaricom to open up the M-Pesa platform to rival networks.

1.2 Statement of the Problem

It is important for firms in an industry to develop competitive advantage over its competitors. For some time now, Safaricom seems to have developed this advantage over its rivals like Airtel Networks Kenya Limited, Telkom Kenya Limited (Orange), Essar Telecom Kenya Limited (YU) and most recently the Equitel money platform of Equity Bank Limited. This is evident from the fact that Safaricom has posted exemplary results compared to its competitors for the last five years. In the year 2016, for example, Safaricom had a net profit of Kshs. 38.104 Billion (Safaricom Limited Annual report, 2016).

There are a number of opportunities that could be translated by Safaricom limited into sources of competitive advantage. These include but are not limited to opportunities for online marketing, greater innovation, and possibility of developing new services, exploiting new technology, exploiting new markets, developing new products and venturing into new markets. Safaricom has the ability to do this because it has several strengths, which include superior technology, strong management, economies of scale, customer loyalty among others (Kinuthia, 2014). By tapping into these strengths, Safaricom will be setting itself on a continuous path of success hence maintaining a competitive edge over its competitors.

There are several studies relating to Safaricom that have been carried out by various
scholars. These include but are not limited to: Muthangya (2007), strategic response to competitive advantage. This study established that Safaricom adopted the 3 Porters generic strategies to respond to the competitive environment. Olunga (2007) studied the response of Safaricom Limited to changes in the telecommunication industry in Kenya. He established that Safaricom responded to the changes by investing in new market driven products and adoption of the most appropriate distribution channels. Ochako (2007) investigated the strategic issue management practices by mobile telephone companies in Kenya. Ofunya (2015) investigated competitive strategies and firm performance in the mobile telecommunication industry. This study showed a significant relationship between the strategies adopted by Safaricom in Kenya and the organization’s performance. Muyaku (2013) studied outsourcing and competitive advantage at Safaricom Limited.

As evidenced above, these previous studies have not investigated/ evaluated the reasons that could be making Safaricom Kenya Limited to have a continuous competitive edge over its rivals. Based on this background, the purpose of this study was to find out the determinants of competitive advantage for Safaricom Kenya Limited. The problem the study seeks to solve therefore is to provide an in-depth insight/understanding into the factors that are responsible for Safaricom’s success.

1.3 Objectives of the Study

The following were the objectives of this study:

1.3.1 General Objective

To investigate the determinants of competitive advantage for firms in the telecommunications industry in Kenya.

1.3.2 Specific Objectives

i). To find out the effect of innovation on competitive advantage for firms in the telecommunications industry in Kenya.

ii). To establish how staff training is a determinant of competitive advantage for firms in the telecommunications industry in Kenya.
iii). To determine the extent to which customer orientation is a determinant of competitive advantage for firms in the telecommunications industry in Kenya.

iv). To examine the effect of stakeholder involvement on competitive advantage for firms in the telecommunications industry in Kenya.

1.4 Research Questions

This study sought information to answer the following questions:

i). What is the effect of innovation on competitive advantage for Safaricom Kenya Limited?

ii). How does staff training affect competitive advantage for Safaricom Kenya Limited?

iii). To which extent is customer orientation a determinant of competitive advantage for Safaricom Kenya Limited?

iv). What is the effect of stakeholder involvement on competitive advantage for Safaricom Kenya Limited?

1.5 Significance of the Study

This study is considered to be of importance to the following groups:

The Management of Safaricom Kenya Limited

This will help the top management to further understand the factors that could be giving them an edge over their rivals. They can then use this information to develop strategic plans, policies and even make informed decisions that will help the organization to sustain this competitive advantage in the long run. This is vital for the firm if it wants to continue enjoying leadership in the telecommunications industry.

Scholars and Researchers

They will find this study useful because they will utilize it for knowledge, use it as a basis for further research as well as have an in-depth understanding of competitive
advantage and its sources.

The Staff of Strategy and Innovation at Safaricom Limited Kenya

These stand to benefit immensely. This is because the findings of this study will inform them of the areas to focus and research further on, so as to enable management develop the right strategies to further sustain competitive advantage.

The Investors

They will benefit directly because the study will enable Safaricom devise strategies that will ensure the competitive advantage is sustained. This will translate to a high return on investment for the investors.

The Government and its Agencies

The government through its agencies like the CCK will also benefit because the findings of this study will help them in the formulation of policies to regulate the conduct of players in the telecommunication industry in Kenya.

Competitors

They also stand to benefit from this study because it will reveal to them some of the determinants that have made Safaricom have a continued sustained advantage. They can learn from this and try to get hold to some of those sources and apply some of the strategies used by Safaricom so as to better compete in the telecommunication industry in Kenya.

1.6 The Limitations of the Study

Some of the limitations that were faced included lack of cooperation and commitment by some respondents in the pretext of being too busy or actually having too much work in the course of their daily duties. I however administered the questionnaires early enough and gave the respondents ample time to respond.

The sensitivity and confidentiality of the research made some respondents reluctant to answer the questionnaires for fear that the research findings may be used by a competitor as a competitive tool against the organization. I however gave full
disclosure of the study purpose and reassured all concerned that it was purely for academic reasons.

Another limitation that was encountered was lack of access to all the divisional and functional leaders due to their busy schedules. However, some heads of departments as well as middle level managers in those respective departments were utilized instead, to respond to the questionnaires in cases where it became difficult to access the divisional and functional directors/heads of departments.

1.7 Scope of the Study
This study was conducted in Nairobi County, specifically Westlands, at the Safaricom Headquarters (where Headquarters 1, 2 and 3 as well as the customer care centre are located) and also in the Central Business District where most of Safaricom’s shops are located. It was centered mostly on the functional and divisional leaders at Safaricom Kenya Limited as well as managerial staff at the call centres.

1.8 Organisation of the Study
This study has been organized into five (5) chapters where chapter one (1) is introduction; chapter two (2) is the literature review; chapter three (3) is the research methodology; chapter four (4) is the data analysis, presentation and findings; and finally chapter five (5) is the summary, conclusion and recommendations.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter provides a framework to discuss competitive advantage. It focuses on the theories of competitive advantage and also looks into the definitions and meaning of the concepts of innovation, staff training, customer orientation and stakeholder involvement. It also briefly but critically reviews some of the major issues, gives a summary and the gaps to be filled by the study then ends with the conceptual framework.

2.2 Theoretical Literature Review

2.2.1 Theories of Competitive Advantage

There are various theories and models that have been advanced by various scholars and strategists that can be used by organizations to deliver a competitive advantage. These include:

2.2.1.1 Michael Porters Five Forces Model

Michael Porter addressed the issue of competitive strategy by developing a number of theories and models. He said, the first fundamental determinant of firm’s profitability is industry attractiveness (De Wit and Meyer, 2004). He thus came up with the Michael Porters Five Forces Model. He identified these five factors that are the major threats because they affect how much profit organizations competing within the same industry can expect to make. Fitzroy, Hulbert, Ghobadian, Hulbert, and O’Shannasay (2012) in their book Strategic Management, add weight to this argument by stating that “Changes in customer demand and technology, and blurring of industry boundaries can all lead to elimination of competitive advantage.” These five competitive forces are the threat of new entrants coming into the industry, the threat of substitute products, the bargaining power of suppliers, the rivalry among existing competitors and the buying power of customers. The five forces determine industry profitability because they influence prices, costs, and required investment of firms in an industry- the elements of return on investment (De Wit and Meyer, 2004). Porter argued that it is the job of managers at the corporate, business and functional levels to
formulate strategies to counter these threats so that an organization can respond to its task and general environments so as to perform at high level, and generate high profits i.e. have a competitive edge over rivals.

The choice of this theory is ideal because firms in the communications industry in Kenya need to understand the existing rivalry amongst themselves, the buying power of customers- voice, data and other related products/services, the potential of new entrants in the market as well as the existence of substitute products/services like M PESA vis-à-vis Airtel Money and T-Cash.

2.2.1.2 Porter’s Generic Strategies

Michael Porter also developed the Porter’s generic strategies. He held that firms can only achieve high returns if their costs are lower than those of competitors, or if they can differentiate their products effectively. He identified three bases for competitive advantage (Haberg and Rieple, 2012). This is shown in the diagram below:

Table 2.1: Porter’s Generic Strategies

<table>
<thead>
<tr>
<th>Competitive Advantage</th>
<th>Lower Cost</th>
<th>Differentiation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broad Target</td>
<td>1. Cost Leadership</td>
<td>2. Differentiation</td>
</tr>
<tr>
<td>Narrow Target</td>
<td>3A. Cost Focus</td>
<td>3B. Differentiation Focus</td>
</tr>
</tbody>
</table>


With a low-cost strategy, managers try to gain a competitive advantage by focusing the energy of all departments and functions on driving the organization’s costs down below the costs of its rivals (Jones, George, & Charles, 2000). According to Porter, organizations pursuing a low cost strategy can sell a product or service for less than their rivals sell it and yet make a profit because of their lower costs.
According to Draft (2008), with a focus strategy, an organization concentrates on a specific regional market or buyer group. The company will use either a differentiation or cost leadership approach, but only for a narrow target market. Harberg and Rieple, (2012), further allude that the focus strategy depends on there being significant differences between the focuser’s target segment and the rest of the industry. If those differences are not pronounced enough, then a broadly based competitor can serve the segment as well and probably more cheaply.

With a differentiation strategy, managers try to gain a competitive advantage by focusing all the energies of the organizations, departments or functions on distinguishing the organizations product from those of competitors on one or more important dimensions, such as product design, quality or after-sales services and support ((Jones et al., 2000). Draft (2008) further expounds by saying that in an attempt to distinguish the firm’s product or services from others in the industry, the organization may use creative advertising, distinctive product features, exceptional service or new technology to achieve a product perceived as unique.

Treacy and Wiersema, identify three ways in which a firm may get competitive advantage (Harberg and Rieple, 2012). The first one is operational excellence. It involves structuring the value chain so as to be the industry leader on price and convenience. Firms with this strategy go to great lengths to minimize overheads and eliminate any activities that are not absolutely necessary. Their culture and belief system emphasizes the value of discipline in keeping costs low. The second one is customer intimacy. This involves investing time and effort in tailoring products and services very closely to the needs of each individual customer, or customer segment, with a view to building loyalty and relationships. Firms follow their strategy in the expectation of recovering the investment from customers that make repeat purchases, and for whom low prices are not the main factor in choosing a supplier. This strategy has become increasingly common in financial services and for firms selling to business customers. The last one is product leadership, which involves constantly striving to keep a head of competition with a stream of new and innovative products.
The choice of this theory helps this study by showing how firms in the telecommunications industry can either leverage on innovation to drive their costs down below those of rivals, which will translate into lower calling and data rates, or differentiate their products/services and orient them towards target markets.

### 2.2.1.3 Porter’s Diamond of Competitive Advantage

Michael porter also came up with the porter’s diamond of competitive advantage. According to Johnson et al., (2008), Porter’s diamond suggests that there are inherent reasons why some nations are more competitive than others. The diamond helps to explain why some nations tend to produce firms with sustained competitive advantages in some industries more than others. Porter suggested that there are four interacting determinants of national or home base advantage in particular industries. The home base determinants are factor conditions- the ‘factors of production’ that go into making a product or service- factor condition advantages at a national level can translate into general competitive advantages for national firms in international markets; home demand conditions- the nature of the domestic customers can become a source of competitive advantage i.e. dealing with sophisticated and demanding customers at home helps train a company to be effective overseas; related and supporting industries- local ‘clusters’ of related and mutually supporting industries can be an important source of competitive advantage; and lastly, the firm strategy, industry structure and rivalry- the characteristic strategies, industry structures and rivalries in different countries can also be bases of advantage. This is illustrated in the diagram below:
Figure 2.1: The Competitive Advantage of Nations by Michael Poster


This theory, by demonstrating the inherent reasons that make some nations more competitive than others, helps this study by demonstrating how firms in the telecommunications industry in Kenya could be enjoying a competitive edge over others because of the inherent factors like firm strategy and having readily available factors of production e.g. the availability and accessibility of infrastructure like Base Transmitting Stations (BTS) all over the country that affords countrywide network coverage. This in turn improves stakeholder involvement and is a positive approach towards customer orientation.
2.2.1.4 Resource Based View Theory

Another theory of competitive advantage is the Resource Based View. This model sees resources as key to superior firm performance. If a resource exhibits VRIO (Value, Rare, Imitability, and Organization) attributes, the resource enables the firm to gain and sustain competitive advantage. This is illustrated in the diagram below:

![Resource Based View Diagram](image)

**Figure 2.2: Resource Based View Diagram.**

**Source: Johnson, Scholes, and Whittington (2008). Exploring Corporate Strategy**

The competitive advantage and superior performance of an organization is explained by the distinctiveness of its capabilities i.e. the resources and competencies of an organization needed for it to survive and prosper (Johnson et al., 2008). According to Fitzroy et al. (2012), the Resource based view/perspective sees the firm as a collection of unique resources and competencies that are the basis of its strategy and success. This view focuses on the need to exploit differences between firms to establish unique positions of competitive advantage, a view aligned with the ideas of
Porter, who notes that “competitive strategy is about being different…choosing a different set of activities to deliver a unique mix of value.”

This theory helps this study by demonstrating how the resources and competencies an organization in the telecommunication industry in Kenya will help it have superior performance and a competitive edge over others. Firms could leverage on innovation as well as the competencies of its human resource to deliver a unique mix of value.

In conclusion, this study is therefore grounded on Porter’s generic strategies. This is because the theory is in support of my independent variables as well as the dependent variable. Safaricom applies differentiation by focusing all the energies of the various divisions, departments and functions towards distinguishing its products and services from those of competitors through creative advertising, exceptional customer service/orientation and innovation to create new products like M PESA that are perceived to be unique. This makes it possible for it to gain a competitive advantage over its rivals in the industry.

2.3 Empirical Literature Review

2.3.1 Innovation
According to Von Stamm (2008), the term innovation has to do with curiosity, a taste for experimentation, dissatisfaction with the status quo and the desire to continuously improve things. This term is often used interchangeably with creativity. Creativity simply means coming up with ideas. This alone, is not enough. In order to reap the benefits, one needs to do something with it. Innovation is therefore creativity plus (successful) implementation. The implementation- putting ideas into practice- is made up of three aspects: idea selection, development and commercialization. Chell (2001) says innovation is the creation of something new in the market place, which alters the supply-demand equation. It is the process of bringing any new, problem-solving idea into use. Ideas for re-organizing, cutting costs, putting in new budgetary systems, improving communication or assembling products in teams are also innovations.

There are four types of innovation. The first one is architectural innovation.
Innovation of this sort defines the basic configuration of product and process and establishes the technical and marketing agendas that will guide subsequent development. The second one is market niche innovation. This one opens new market opportunities through the use of new technology, the effect on production and technical systems being to conserve and strengthen established designs. The third one is regular innovation, which is the innovation that involves change that builds on established technical and production competence and that is applied to existing markets and customers. The effect of these changes is to entrench existing skills and resources. The last one is revolutionary innovation. Innovation of this sort disrupts and renders established technical and production competence obsolete, yet is applied to existing markets and customers (Von stamm, 2008).

While “a good company” requires unsurpassed management, product quality, and financial soundness, the “most admired” companies are presumed to also have a “spark” that ignites the workforce and allows the enterprise to respond readily to change. That ingredient is innovation and all the top companies embrace it passionately (Katz, 1997). Tushman & Anderson (2004), further allude that technological innovation sets the stage within which organizations compete. Firms compete to prevail in a particular context, but also to shape the competitive context itself.

According to Fitzroy et al. (2012), the rise of the information economy has already brought profound change in almost every aspect of economic life. This digital revolution is far from over, and the networking economy will become all-pervasive. Not only will this and other technologies create opportunities for new markets and products; they will also demand new competencies. In earlier eras, firms could achieve great success by responding to pre-existing wants and needs. In the 21st century, technologies change will increasingly require that firms will have to create markets and market opportunities, a quite different challenge. The ability to innovate is central to the longer term challenge of creating firm value.

In rapidly changing environments, firms must innovate on an ongoing basis. Innovation is a major contributor to business-unit growth, but innovation should not
be construed as consisting only of new products. It can subsume new business models, entry into new markets, new processes, distribution channels, and organization structures among others (Fitzroy et al., 2012). Von stamm (2008) goes ahead to illustrate how innovation is a crucial factor in determining competitive advantage through the results from the Boston Consulting Group survey, March 2005, that revealed that 87% believed innovation is essential to success, 74% of the senior executives reported increased spending on innovation and 51% were dissatisfied with innovation results.

2.3.2 Staff Training
Training is the learning process in which an employee acquires the knowledge, skills and attitudes that lead to changes in behaviour to meet some performance Objectives (Andrews, 2009). It is the systematic modification of behavior through learning. This occurs as a result of education, instruction, development and planned experience. Its purpose in an organization is to develop the abilities of current and future manpower needs. The aim of training is to help the organization achieve its goals by adding value to its key resources in the people it employs (Robbins and Coutler, 2007).

Training involves providing employees the knowledge and skills needed to do a particular task or job, though attitude change may also be attempted. Training is any attempt to improve employee performance on a currently held job, or one related to it. This usually makes changes in specific knowledge, skills, attitudes or behaviors (Noe, Hollenbeck, Gerhart, & Wright, 2007).

Bryars & Rue (2008), argue that training must be directed towards accomplishment of some organizational objective, such as more efficient production methods, improved quality of products or services, or reduced operating costs. This means that an organization should commit its resources only to those training activities that can best help in achieving its objectives. They also give us some commonly used methods of staff training to include on-job training, job rotation, apprenticeship training and classroom training.

As a matter of fact, staff training is crucial for the success of an organization. Knowledge, specialized skills, and behaviour can become the cutting edge for many

2.3.3 Customer Orientation
This is a business strategy in the lean business model that requires management and employees to focus on the changing wants and needs of its customers. In other words, it is a company-wide philosophy that the customer’s wants and needs are the first priority of all management and employees. The objective of management and employees is to align their individual and team objectives around satisfying and retaining customers.

Customer orientation (also referred to as market orientation), means a thorough understanding of customer’s needs or wants, the competitive environment, and the nurture of the market used to formulate all the firm’s plans and actions to create satisfied customers (Sheth, Mittal, & Newman, 2004). They argue that following a customer orientation provides a company with competitive advantages that lead to higher corporate performance in the form of increased profitability and revenue growth that is as a result of cost efficiencies from repeat customers, price premiums from established customers and customer loyalty in corporate crisis. Following a customer orientation also results in internal success for the company as it produces a workforce that feels pride in its job.

2.3.4 Stakeholder Involvement
Stakeholders are people with an interest in an organization’s success, failure, or activities, and therefore a desire to influence its behavior (Haberg and Rieple, 2008). Stakeholders can affect or be affected by the organization’s actions, objectives and policies. Some examples of key stakeholders are creditors, directors, employees, government (and agencies), owners (shareholders), suppliers, unions, and the community from which the business draws its resources.

According to Haberg and Rieple (2008), different interest groups can influence change differently in an organization. For example, government or government agencies whose concerns might include the effect of an organizations proposals upon
tax income, consumer welfare, the environment, local communities, or a region’s economy; or competitors that may find themselves facing fiercer or laxer competition for customers, personnel, or key inputs such as energy.

Advocates of the stakeholder values perspective do not see why the supplier of one ingredient in an economic value-creation process has a stronger moral claim on the organization than the providers of other inputs. All groups hold a stake in the joint venture and are mutually dependent; it is argued therefore that the purpose of the organization is to serve the interests of all parties involved (De Wit and Meyer, 2004). This argument is a pointer to the fact that the level and type of stakeholder involvement in an organization will have a bearing on the competitive position of an organization.

2.4 Critical Review of Major Issues
It is worth noting that other than the factors mentioned above as the possible determinants of competitive advantage for Safaricom Kenya Limited, there are many other factors that generally give rise to a competitive advantage for firms. These factors include but are not limited to having strong research and development capabilities, having access to intellectual properties, having exclusive re-selling or distribution rights, having ownership of capital equipment, having superior product or customer support, having low cost or high volume production, being in control of economic factors, having superior database management and data processing capabilities, having a strong marketing strategy, having access to working capital, having excellent management teams and operations, having government support, and lastly, having barriers to entry or being a monopoly. Some of these factors could be beyond the control of management.

2.5 Summary and Gaps to be filled by the Study
It is true that a significant number of studies have been conducted in the area of competitive advantage in the telecommunications industry in Kenya with reference to Safaricom. These include but are not limited to Muthangya (2007) who researched on strategic response to competitive advantage: a case study of Safaricom. This case
study established that Safaricom adopted the three (3) Porters generic strategies to respond to the competitive environment. Olunga (2007) studied the response of Safaricom limited to changes in the telecommunications industry in Kenya. He established that Safaricom responded to the changes by investing in new market driven products and adoption of the most appropriate distribution channels. Ofunyu (2015) investigated competitive strategies and firm performance in the mobile telecommunication industry: a case study of Safaricom Limited. This study showed a significant relationship between the strategies adopted by Safaricom in Kenya and the organization’s performance. Last but not least, Muyaku (2013) studied outsourcing and competitive advantage at Safaricom Limited.

However, one area that has been neglected/has been rarely considered is the question of what are the sources/determinants of competitive advantage for firms in the telecommunications industry in Kenya. This is an area that is crucial in that it determines the direction a firm takes. This study therefore sought to bridge this gap and contribute to the body of knowledge where the most critical factors that contribute to a firm’s competitive advantage were established.

2.6 The Conceptual Framework

Refers to a theoretical structure of assumptions, principles, and rules that holds together the ideas comprising a broad concept. According to Miles and Huberman (1994), a conceptual framework explains, either graphically or in narrative form, the main things to be studied – the key factors, constructs or variables – and the presumed relationships among them.
2.7 Summary of the Conceptual Framework

**Innovation** is the process of translating an idea or invention into a good or service that creates value or for which customers will pay. Indicators of innovation include coming up with new products, increased research and development expenditure, as well as designing new processes/capabilities. It has a direct relationship with competitive advantage.

**Stakeholder involvement** refers to the interest people/organizations have in an organization’s success, failure, or activities, and therefore influencing its behavior. Favorable stakeholder involvement could be favorable legislation and increased funding. It has a direct relationship with competitive advantage.
Training is the acquisition of knowledge, skill and competencies as a result of the reading of vocational or practical skills and knowledge that relates to specific useful skills. Training and development in an organization has a direct relationship with competitive advantage.

Customer Orientation refers to a thorough understanding of customer’s needs or wants, the competitive environment, and the nurture of the market used to formulate all the firm’s plans and actions to create satisfied customers. Customer orientation has a direct relationship with competitive advantage.

Competitive Advantage is what sets an organization apart, that is, its distinct edge that gives it a superior performance. All the variables discussed above have a direct relationship with competitive advantage. Some of the indicators of a firm with a competitive edge include increased return on investment, market share and profitability.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction
This chapter addresses the methods and procedures that were used to achieve the set study objectives. The chapter presents the research design, target population, data collection procedure, pilot testing procedure, validity and reliability test, data analysis, and lastly the ethical issues.

3.2 Research Design
According to Sekaran and Bougie (2016), research design refers to the overall strategy that you choose to integrate the different components of the study in a coherent and logical way, thereby, ensuring you will effectively address the research problem; research design constitutes the blueprint for the collection, measurement, and analysis of the data. The research problem determines the type of design.

According to Kombo and Tromp (2006), research design can be described as the structure of research results which holds all elements in the research project together. In this research project, a descriptive study was used since some key information was available about the phenomena of interest. According to Babbie (2015), a descriptive study design refers to a set of methods and procedures that describe variables. It involves gathering data that describe events and then organizes, tabulates, depicts and describes the data. Descriptive studies portray the variables by answering the who, what, and how questions.

3.3 Target Population
The population refers to an entire group of individuals, events or objects having observable characteristics (Mugenda and Mugenda, 2003). The target population denotes those units for which the findings of the study are meant to generalize. The target population for this study was the senior staff i.e. the heads of departments (HODs), senior managers and managers in the functional and divisional levels in Safaricom Kenya Limited. They work for the company at departmental and managerial levels on a daily basis and are therefore in a position to discern the factors that are responsible for giving Safaricom Kenya Limited a competitive edge over other firms in the industry. This population therefore was well placed to give the
much needed information for this study. Safaricom Limited has three (3) revenue centres and six (6) functional divisions. The three (3) revenue centres are Financial Services, Enterprise Business Unit (EBU) and Consumer Business Unit (CBU). The functional divisions include Risk Management, Corporate Affairs, Strategy and Innovation, Customer operations, Technology and Resources. Each functional division/revenue centre has individuals as tabulated below (Directors, Heads of Departments and senior managers). The target population for this study therefore was 90 subjects.

Table 3.1: Target Population

<table>
<thead>
<tr>
<th>DIVISIONS/REVENUE CENTRES</th>
<th>POPULATION FREQUENCY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Services</td>
<td>05</td>
<td>5.55 %</td>
</tr>
<tr>
<td>Enterprise Business Unit</td>
<td>15</td>
<td>16.66 %</td>
</tr>
<tr>
<td>Consumer Business Unit</td>
<td>15</td>
<td>16.66 %</td>
</tr>
<tr>
<td>Risk Management</td>
<td>05</td>
<td>5.55 %</td>
</tr>
<tr>
<td>Corporate Affairs</td>
<td>12</td>
<td>13.33 %</td>
</tr>
<tr>
<td>Strategy and Innovation</td>
<td>08</td>
<td>8.88 %</td>
</tr>
<tr>
<td>Customer Operations</td>
<td>10</td>
<td>11.11 %</td>
</tr>
<tr>
<td>Technology</td>
<td>05</td>
<td>5.55 %</td>
</tr>
<tr>
<td>Resources</td>
<td>15</td>
<td>16.66 %</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100 %</strong></td>
</tr>
</tbody>
</table>

Source: Field Data/Company Records (2018)
3.4 Sample Design

From the target population of 90, a sample of 40% was drawn by use of stratified random sampling. According to Mugenda and Mugenda (2003), a representative sample is one that is at least 10% of the population of interest. In addition, this sampling technique should be used when the population of interest is not homogenous. In this particular case, the population of interest was composed of individuals in different divisions/revenue centres and at different levels of management i.e. divisional, senior managerial and managerial levels. These were deemed fit to have the requisite information as far as competitive advantage for Safaricom was concerned. The total sample selected was 36 respondents as indicated in the table below:

Table 3. 2: Sample Design

<table>
<thead>
<tr>
<th>DIVISION/REVENUE CENTRES</th>
<th>POPULATION FREQUENCY</th>
<th>SAMPLE RATIO</th>
<th>SAMPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Services</td>
<td>05</td>
<td>0.4</td>
<td>2</td>
</tr>
<tr>
<td>Enterprise Business Unit</td>
<td>15</td>
<td>0.4</td>
<td>6</td>
</tr>
<tr>
<td>Consumer Business Unit</td>
<td>15</td>
<td>0.4</td>
<td>6</td>
</tr>
<tr>
<td>Risk Management</td>
<td>05</td>
<td>0.4</td>
<td>2</td>
</tr>
<tr>
<td>Corporate Affairs</td>
<td>12</td>
<td>0.4</td>
<td>4.8 =5</td>
</tr>
<tr>
<td>Strategy and Innovation</td>
<td>08</td>
<td>0.4</td>
<td>3.2 =3</td>
</tr>
<tr>
<td>Customer Operations</td>
<td>10</td>
<td>0.4</td>
<td>4</td>
</tr>
<tr>
<td>Technology</td>
<td>05</td>
<td>0.4</td>
<td>2</td>
</tr>
<tr>
<td>Resources</td>
<td>15</td>
<td>0.4</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td></td>
<td><strong>36</strong></td>
</tr>
</tbody>
</table>

Source: Researcher (2018)
3.5 Data Collection Procedure

This study utilized both primary and secondary data. Primary data was collected using questionnaires (See Appendix I). The questionnaires were administered to the staff at the Safaricom Headquarters (HQ1, 2, 3) as well as the Customer Operations Centre in Mlolongo and the Safaricom shops at various locations in the CBD including Moi Avenue and I & M. The researcher dropped the questionnaires and picked them up after being filled. Secondary data was also obtained from company records and published works of the company including the Safaricom Annual Report of 2016.

3.6 Pilot Testing Procedure

The questionnaire was pre-tested on a pilot set of three (3) respondent functional managers at the Jambo Contact centre (JCC), Mlolongo, for relevance, logic and comprehension. The three work in the customer operations division hence have a similar background with the rest of the target population and later formed part of the final sample of the research.

Zikmund, Babin, and Griffin (2009) recommend that questionnaire pre-tests be done by personal interviews in order to observe the respondents’ attitudes and reactions. The three respondents were therefore approached in person for the pre-testing. The aspects of the questionnaire were pre-tested too, for instance, the form, layout, content, wording, sequence and even the instructions. The responses acquired from the pre-test were used by the researcher to revise the questionnaire before being forwarded to the study respondents.

3.7 Validity and Reliability Test

3.7.1 Reliability Test

In this study, reliability analysis was done to evaluate internal consistency among the various variables. This was assessed through the computation of Cronbach’s Alpha coefficient for all items in the questionnaire and then an overall assessment given (Sekaran and Bougie, 2010). The study had four (4) scale items that were seen to be measures of competitive advantage for firms in the telecommunications industry in Kenya. These four (4) were measured using a five-point scale ranging from ‘very
great extent, to ‘very low extent’. The Cronbach’s Alpha was computed using SPSS and the alpha coefficient for the four (4) items was 0.839 suggesting that the items have relatively high internal consistency. The Cronbach’s Alpha coefficient range is between 0-1 where higher alpha coefficient values indicate more reliability; therefore, a questionnaire with a good internal consistency should have high alpha coefficients (Hair, Rolph, Ronald, & William, 2010).

3.7.2 Validity Test

Validity encompasses the entire experimental concept and helps establish whether the results obtained meet the requirements of the scientific research method. The researcher sought the guidance of the research supervisor in the preparation and review of the questionnaire to ensure it was valid and able to collect the expected results.

To establish validity, the researcher used factor analysis in SPSS. Factor analysis is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. Any factor with an eigen value $\geq 1$ explains more variance than a single observed variable (Brown, 2014).

3.8 Data Analysis

Blumberg, Cooper, and Schindler (2011) explain data analysis as the inspection, cleaning, transforming and modeling data so as to convey useful information and bring references which supports proper decision making.

Data analysis is the process of packaging the collected information in a form that can be understood by the person undertaking the research. Before analyzing the data, it was edited, coded, and entered into excel worksheet where the researcher was able to use statistical package for social sciences (SPSS) to analyze the data. This ensured accuracy of the data. Frequency tables, graphs, and measures of central tendency were used to present the results for easier understanding and interpretation. Analysis of data was done through both quantitative and qualitative measures. Inferential and descriptive statistics involving the mean were applied together with cross tabulation
of data to establish the relationships among the study variables. Responses obtained were assigned numerical values, which were consistent with numerical codes. For qualitative analysis, the researcher used thematic and content analysis. The results of this analysis have been presented in narrative format.

3.9 Ethical Issues

A research that involves subjects who are human beings raises important, unique and complex legal, social, ethical and political issues of concern. Research ethics is specifically interested in the analysis of ethical issues that are raised when people are involved in a research as participants. There are three main objectives in research ethics. The first and broadest objective is to protect the participants. The second is to ensure that the research is conducted in a way that serves the interests of individuals, groups and/or the society at large. The last objective is to examine the specific research activities and projects for their ethical soundness by looking at issues such as protection of confidentiality, management of risk and the process of informed consent (Rose, 2014).

The researcher in this study mitigated these issues by ensuring complete anonymity of the respondents in the questionnaires issued and sought the voluntary consent of the respondents that were issued with the questionnaires.
CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND FINDINGS

4.1 Introduction

This chapter presents data findings, results interpretation and discussion. This study sought to achieve four objectives which were to find out the effect of innovation on competitive advantage for firms in the telecommunications industry in Kenya, to establish how staff training is a determinant of competitive advantage for firms in the telecommunications industry in Kenya, to determine the extent to which customer orientation in a determinant of competitive advantage for firms in the telecommunications industry in Kenya, and lastly to examine the effect of stakeholder involvement on competitive advantage for firms in the telecommunications industry in Kenya. A number of questions were posed to the respondents in the questionnaires in an attempt to collect data towards achieving these objectives.

4.2 Response Rate

On the response rate, the findings were as indicated in table 4.1 below:

Table 4.1 Response Rate

<table>
<thead>
<tr>
<th></th>
<th>Filled and Returned</th>
<th>Not Returned</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Questionnaires</td>
<td>34</td>
<td>2</td>
<td>36</td>
</tr>
<tr>
<td>Percentage</td>
<td>94.44%</td>
<td>5.56%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field Data (2018)

From the above, 36 questionnaires were administered to the study population, out of which 34 were properly filled and returned. This represented an overall successful response rate of 94.44 %. Mugenda and Mugenda (2003) asserted that a response rate of 50% was adequate for a descriptive study. Babbie (2015) also noted that return
rates of 50% were acceptable to analyze and publish, 60% was good and 70% was very good. Therefore, based on these assertions, a 94.44% response rate was adequate for the study.

4.3 Background Information of the Respondents who participated in the Study

4.3.1 Respondents’ Gender

On respondents’ gender, the findings were as indicated in figure 4.1 below:

![Figure 4.1: Respondents’ Gender](image)

From the above, the male respondents were twenty (58.82 %) and the female respondents were fourteen (41.18 %). Safaricom is therefore noted to have embraced gender sensitivities policies in employment as far as their management is concerned.

4.3.2 Period One has worked for Safaricom

On period one has worked for Safaricom, the findings were as indicated in table 4.2 below:
Table 4.2 Period one has worked for Safaricom

<table>
<thead>
<tr>
<th>Period one has Worked for Safaricom (years)</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-4</td>
<td>8</td>
<td>23.53%</td>
</tr>
<tr>
<td>4-8</td>
<td>18</td>
<td>52.94%</td>
</tr>
<tr>
<td>8-12</td>
<td>6</td>
<td>17.65%</td>
</tr>
<tr>
<td>Over 12</td>
<td>2</td>
<td>5.88%</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field Data (2018)

The graph below gives a summary of these findings.

Figure 4.2: Period One has worked for Safaricom

Source: Field Data (2018)

From the above, 8 respondents (23.53%) of those sampled had worked for Safaricom for between 0-4 years, 18 respondents (52.94%) had worked for between 4-8 years, 6 respondents (17.65%) had worked for between 8-12 years, and 2 respondents (5.88%) had worked for over 12 years.
These study findings indicate a low employee turnover at Safaricom. This may be attributed to effective management and good leadership at the firm.

4.3.3 Academic Qualification of the Respondents

On academic qualifications of the respondents, the findings of the respondents were as indicated in table 4.3 below:

**Table 4. 3 Academic Qualifications of the Respondents**

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post graduate</td>
<td>8</td>
<td>23.53%</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>26</td>
<td>76.47%</td>
</tr>
<tr>
<td>Secondary</td>
<td>00</td>
<td>00</td>
</tr>
<tr>
<td>Primary</td>
<td>0</td>
<td>00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Field Data (2018)

The chart below summarizes the findings.

**Figure 4. 3: Academic Qualification of the Respondents**

Source : Field Data (2018)
From the above, 26 respondents (76.47 %) had university education at undergraduate level and 8 respondents (23.53 %) had postgraduate level. None of the respondents had neither secondary nor primary education level only.

Safaricom therefore has a large percentage of employees with an education level of undergraduate and above. This can be attributed to the fact that those to whom questionnaires were administered to are in top leadership. The researcher sought to know the competitive position of Safaricom in relation to other players in the telecommunication industry in Kenya as well as the major sources of that competitive position. The findings are shown in table 4.4 below:

**Table 4. 4 Competitive position of Safaricom in the Kenyan telecommunication industry**

<table>
<thead>
<tr>
<th>Safaricom’s competitive position in Kenya</th>
<th>No. of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market leader</td>
<td>24</td>
<td>70.59%</td>
</tr>
<tr>
<td>Market challenger</td>
<td>6</td>
<td>17.65%</td>
</tr>
<tr>
<td>Market niche</td>
<td>2</td>
<td>5.88%</td>
</tr>
<tr>
<td>Market follower</td>
<td>2</td>
<td>5.88%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Field Data (2018)

This is summarized in figure 4.4 below:
Figure 4.4: The Competitive Position of Safaricom in the Kenya

Source: Field Data (2018).

From the above, majority of the respondents were generally of the view that Safaricom is the market leader in the telecommunication industry in Kenya. Twenty four (24) out of the thirty four (34) respondents (70.59%) stated that Safaricom is a market leader in Kenya, six (6) out of the thirty four (34) respondents (17.65%) stated that it is a market challenger, 2 out of the thirty four (34) respondents (5.88%) stated that it is a market niche, and lastly 2 out of the thirty four (34) respondents (5.88%) stated that it is a market follower.

It is therefore evident that Safaricom is a market leader in the Kenyan telecommunication industry. This could be attributable to its position as far as innovation, customer orientation, staff training and stakeholder involvement are concerned.

The respondents were asked to name what they thought were/are the major sources of competitive advantage for Safaricom. They pointed out technological innovation, efficient human capital, ownership of /access to capital equipment, strong research and development, excellent management, employee engagement/involvement,
strategic alliances and acquisition, superior products, strong organizational culture, low operational costs, good customer service, unique products/services, proper market orientation, strong advertising/marketing, as well as efficient processes and practices.

The respondents also gave a number of suggestions they thought Safaricom can use to further enhance its market position in the telecommunications industry in Kenya and the region at large. What they pointed out included but were not limited to increased innovation, listening to customers and implementing their ideas, differentiating products & services, brand focus, efficient and effective customer response, sustained advertising/campaigns, improved quality services, strengthening customer relations, increased research and development, factoring current trends/fashions, best practices application, better information management, increasing market share, better customer satisfaction and lastly enhancing operational excellence.

4.4 Effect of Innovation on Competitive Advantage.

The researcher sought to know whether the respondents viewed Safaricom as having innovative products and services and whether innovation is considered a major source of competitive advantage for Safaricom. All the respondents pointed out that Safaricom has innovative products and services and that they believe innovation is a major source of competitive advantage for Safaricom.

When asked to mention the specific areas they think the firm is innovative, they mentioned areas like product innovation citing the M PESA platform, generation of new ideas like the recent launch of 4G, creation of avenues to support sound health through the M-TIBA Platform, empowering and mentoring the youth through Blaze Be Your Own Boss, generation of ideas to support communities in slums like SHOFCO in Kibera, through the Safaricom foundation and lastly promotion of culture based on sustainable development goals. These SDGs help transform lives. The SDGs mentioned were no poverty, zero hunger, good health and well-being, quality education, gender equality, clean water and sanitation, affordable and clean energy, decent work and economic growth, industry innovation and infrastructure,
reduced inequalities, sustainable cities and communities, responsible consumption and production, climate action, protection of life below water, protection of life on land, peace justice and strong institutions and partnerships for goals.

Respondents further sited several areas they thought Safaricom is innovative. These include the speeding up of network roll-up with 3G covering 73% of the population and now 4G is available in 14 counties. They also pointed out that Safaricom has also laid down a 2328KMS fiber in key towns with 1002 buildings and 6047 homes connected. The firm has also been putting a lot of time into supporting innovation with initiatives like a testing portal for developers, the Safaricom US $ 1M spark venture fund and start-up partnership with the likes of Uber, Little cabs and Waze. According to the respondents, Safaricom has also been transforming lives through musical innovation. The respondents mentioned that this has and continues to be achieved through donating of all the proceeds of the Safaricom International Jazz festival to the ghetto classics that continues to lead the way in musical innovation and support of underprivileged youths in Nairobi. The respondents further said that Safaricom is also committed to using innovation to achieve/develop relevant products and services and ensure reliance across all operations. They mentioned that through innovation, the firm has developed applications and platforms to include M-PESA money transfer, mobile banking, M- SHWARI, M-TIBA, Agile M2M Fuel management that measures generator fuel levels, the BLAZE platform which is a specialized product offering to the youth, and last but not least, the SHUPAVU 291-a mobile study tool that learners can use to revise and learn in their own time.

The respondents were asked to what extent they thought innovation is a major determinant of competitive advantage for Safaricom Kenya limited. The findings are shown in table 4.5 below:
Table 4.5 Effect of Innovation on Competitive Advantage

<table>
<thead>
<tr>
<th>Extent of innovation on competitive advantage</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>32</td>
<td>94.12%</td>
</tr>
<tr>
<td>Great extent</td>
<td>2</td>
<td>5.88%</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Low extent</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Very low extent</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field Data (2018)

This is summarized in figure 4.5 below:

![Figure 4.5: Extent of Innovation on Competitive Advantage](image)

Source: Field Data (2018).
From the above, 32 out of the total 34 respondents (94.12 %) indicated that innovation has a very great extent in determining the competitive advantage for Safaricom, 2 out of the 34 respondents (5.88 %) said it has a great extent, and none of the respondents said that innovation has a moderate extent, low extent or a very low extent. This therefore means that Safaricom largely leverages on innovation to gain a competitive edge over its rivals.

4.5 Effect of Staff Training on Competitive Advantage

The respondents were asked whether staff training is major source of competitive advantage for Safaricom Kenya Limited. The findings are shown in table 4.6 below:

Table 4. 6 Effect of Staff Training on Competitive Advantage

<table>
<thead>
<tr>
<th>Extent of staff Training on competitive advantage</th>
<th>No. of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Great extent</td>
<td>32</td>
<td>94.12%</td>
</tr>
<tr>
<td>Great extent</td>
<td>2</td>
<td>5.8%</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Low extent</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Very low extent</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Field Data (2018)

This is summarized in figure 4.6 below:
From the above, 32 respondents out of the total 34 (94.12 %) stated that it is indeed a major source of competitive advantage to a very great extent, while two (2) respondents (5.88 %) said that it is a determinant of competitive advantage only to a great extent. None of the respondents said that it is a determinant to a moderate extent, low extent or very low extent.

It is therefore evident that Safaricom values staff training and engages its staff regularly in training which gives it a competitive edge over rivals.

4.6 Effect of Customer Orientation on Competitive Advantage

Respondents were asked to indicate whether they thought customer orientation by Safaricom is a major source of competitive advantage.

The findings are indicated in table 4.7 below:
Table 4.7 Effects of Customer Orientation on Competitive Advantage

<table>
<thead>
<tr>
<th>Extent of customer orientation</th>
<th>No of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>24</td>
<td>70.59%</td>
</tr>
<tr>
<td>Great extent</td>
<td>10</td>
<td>29.41%</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Low extent</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Very low extent</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Field Data (2018)

This is summarized in figure 4.7 shown below:

Figure 4.7: Extent of Customer Orientation on Competitive Advantage

Source: Field Data (2018)
From the above, all the thirty-four (34) respondents agreed that it is indeed a source of competitive advantage. However, 24 respondents out of the total 34 (70.59 %) said they thought customer orientation is a major determinant to competitive advantage for Safaricom to a very large extent, while 10 respondents out of the total 34 (29.41 %) thought customer orientation is a major determinant to competitive advantage for Safaricom only to a great extent. None of the respondents stated that customer orientation has a moderate extent, low extent or very low extent on competitive advantage. It is therefore clear that Safaricom is oriented towards its customers and this plays a big role in making it have a competitive edge over its rivals in the Kenyan telecommunication industry.

The respondents were further asked to list some of the activities they thought Safaricom does to show that its oriented towards its customers. The activities they listed included appreciating customers through various ways like offering free minutes/talk time and data, customer recognition through various programs like the ShindaMamili where various prizes are awarded, specifically employing people to respond to customer needs like those at the call and contact centres, undertaking various CSR programs like SHOFCO and Safaricom Youth Orchestra where the lives of young people/ customers are impacted, understanding customers’ needs and developing products and services that meet those needs like the M-PESA KADOGO, rewarding customers through Bonga points, constantly developing better products that can serve the customer even better like the recent 4G launch, reaching out to the youthful clientele/customers between the ages of 18 to 26 years through Blaze BYOB initiative to empower and mentor them into being their own bosses in future, establishing good and open channels of communication with customers through establishing customer care centres and conducting frequent surveys on customer satisfaction.

4.7 Effect of Stakeholder Involvement to Competitive Advantage
The researcher sought to know from the respondents whether they viewed stakeholder involvement as being one of the major sources of competitive advantage for Safaricom. The findings are indicated in table 4.8 below:
Table 4. 8 Effects of Stakeholders Involvement on Competitive Advantage

<table>
<thead>
<tr>
<th>Effects of Stakeholders Involvement On Competitive Advantage</th>
<th>No. Of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>28</td>
<td>82.35%</td>
</tr>
<tr>
<td>Great extent</td>
<td>4</td>
<td>11.76%</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>2</td>
<td>5.8%</td>
</tr>
<tr>
<td>Low extent</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Very low</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Field Data (2018)

This is summarized in figure 4.8 shown below:

Figure 4. 8: Extent of Stakeholder Involvement on Competitive Advantage

Source: Field Data (2018)
From the above, 28 respondents out of the total 34 (82.35 %), alluded that yes, stakeholder involvement is a major source of competitive advantage for Safaricom to a very great extent, 4 respondents (11.76 %) alluded that it is a major source of competitive advantage to a great extent, and 2 respondents (5.88 %) said that it is a major source of competitive advantage to a moderate extent. None of the respondents said stakeholder involvement is a major source of competitive advantage either to a low extent or to a very low extent. It is therefore evident that Safaricom engages its stakeholders positively and this has contributed towards it having a competitive edge over its rivals.
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The main focus of this study was to find out the determinants of competitive advantage for firms in the telecommunications industry in Kenya. This was done so as to attempt to realize the objectives as detailed in chapter 1, that is, to find out the effect of innovation on competitive advantage, to establish how staff training is a determinant of competitive advantage, to determine the extent to which customer orientation is a determinant of competitive advantage, and finally to examine the effect of stakeholder involvement on competitive advantage. The key data findings, conclusions drawn and recommendations made there-to have been presented.

5.2 Summary of Findings/ Answers to the Research Questions

Safaricom has in the past maintained a competitive edge over other firms in the telecommunications industry in Kenya. It is in the backdrop of this that the study sought to evaluate the determinants of competitive advantage for Safaricom Kenya in the telecommunication industry in Kenya. The study sought to answer the following questions: What in the effect of innovation on competitive advantage for Safaricom Kenya limited? How does staff training affect competitive advantage for Safaricom Kenya limited? To which extent is a customer orientation a determinant of competitive advantage for Safaricom Kenya Limited? and lastly, what is the effect of stakeholder involvement on competitive advantage for Safaricom Kenya limited?

The objectives of the study were to find out the effect of innovation on competitive advantage with reference to Safaricom Kenya Limited, to establish how staff training is a determinant of competitive advantage for Safaricom Kenya Limited, to determine the extent to which customer orientation is a determinant of competitive advantage for Safaricom Kenya Limited, and lastly, to examine the effect of stakeholder involvement/relationship on competitive advantage with reference to Safaricom Kenya Limited. Respondents were the functional/departmental and divisional managers at Safaricom Limited. In total 36 questionnaires were administered out of which 34 were successfully filled and returned. Content analysis
was done for qualitative data where information from questionnaires was grouped based on running themes. The results were presented in a narrative format.

The study established that Safaricom is a market leader in the telecommunications industry in Kenya. This was because a majority of the respondents (70.59 %) indicated that Safaricom is a market leader in the industry as compared to its rivals. The respondents further pointed out the major sources /determinants of competitive advantage for Safaricom as being innovation, staff training, customer orientation and stakeholder involvement.

On innovation and how it affects competitive advantage for Safaricom, the study established that Safaricom has innovative products and services and that innovation is a major source of competitive advantage as pointed out by a majority of the respondents (94.12 %). It is therefore clear that innovation is crucial for any organization that is keen on maintaining a competitive edge over its rivals. The study also went further to identify some of the specific areas that Safaricom has been noted as innovative by the respondents. The areas mentioned included product/service innovation like the M PESA platform, generation of new ideas like the launch of 4G, speeding up of the network roll out to various parts of the country, supporting start-up partnerships with the likes of Uber, Little cab among others.

On staff training and how it affects competitive advantage, the study established that staff training is a major source of competitive advantage for Safaricom to a very large extent. This was pointed out by a majority of the respondents (94.12 %). It is therefore evident that staff training and development are key elements in promoting staff performance and contribute a lot to a firm’s competitive advantage.

On customer orientation and how it affects competitive advantage, a majority of the respondents (70.59 %) indicated that Safaricom is oriented towards its customers to a very large extent. This therefore means that orientation towards customers and meeting their needs effectively and efficiently will satisfy them and contribute towards giving an organization a competitive edge over others in the industry.
Some of the areas the respondents mentioned to show that Safaricom is oriented towards customers included customer recognition through various programs like ShindaMamili, appreciating customers through various offerings like free talk time & data bundles, establishing a sound and robust customer care centre to respond to customers’ needs effectively on a 24 hour basis, undertaking various CSR programs like supporting SHOFCO that is geared at improving the livelihoods of customers in slum areas like Kibera, and empowering the youthful customers between 18-26 years through the Blaze BYOB initiative to empower and mentor youths. The respondents mentioned that Safaricom has a whole division dedicated to customer operations. In this division, they have various customer care centres like the Jambo Contacts Centre (JCC), Safaricom Care Centre (SCC) and Thika Contact Centre (TCC) that are fully dedicated to listening to and responding to customers’ needs and concerns. The respondents further said Safaricom also shows how much it values its customers by running various programs and initiatives that are geared towards appreciating customers. The most recent they mentioned were the Shinda Mamili and Stori Ibambe programs that were nationwide consumer promotions targeted at all its prepay subscribers/customers where over Kshs. 250M worth of prizes was won. At the end of it all, Kshs. 72million, 448 motorcycles, 448 M KOPA solar kits and 448 neon smart phones were won.

Lastly, the study established that stakeholder involvement is a major source of competitive advantage for Safaricom to a very large extent. This was pointed out by a majority of the respondents (82.35 %). It is therefore critical to involve stakeholders and engage them proactively so as to be able to maintain a competitive edge over others.

5.3 Conclusion
Based on the above findings it is evident that Safaricom Kenya limited has been ardent and strategic in the choice of the elements/factors to pursue in order to maintain a competitive edge over its rivals in the telecommunications industry in Kenya. The organization has been keen to pioneer many innovations in the telecommunications industry. These innovations give it a competitive edge over its rivals. An example is the M-PESA platform that has revolutionized the
telecommunications industry, not only in Kenya, but world over. Innovation therefore stands out as one of the main key determinants of competitive advantage for Safaricom as witnessed through the various products and services that it has enabled. These innovative products and services account for a very large portion of Safaricom’s profits. This is evidenced by the majority of the respondents who pointed out that innovation is a major determinant of competitive advantage to a very great extent. The researcher therefore concluded that innovation is crucial for any firm that wants to attain a competitive edge over others.

From the above findings, it can be concluded that staff training is also a major source of competitive advantage for Safaricom as evidenced by a majority of the respondents. The researcher therefore concluded that any organization that is worth its salt should continually sponsor training, research and development, seminars and other relevant courses to equip staff with knowledge and skills that will ensure it maintains a competitive edge over its rivals.

From the study, it is clear that Safaricom is oriented towards its customers. This is evidenced by a majority of the respondents who pointed out that customer orientation is a major determinant of competitive advantage for Safaricom to a very large extent. The researcher therefore concluded that a firm should continually devise ways and means of meeting the customers’ needs to satisfaction and also develop ways of appreciating them so as to maintain a competitive edge over others in the industry.

It is evident, from the above findings, that stakeholders are actively involved in Safaricom and that this involvement is a major source of competitive advantage for Safaricom over its competitors. This is witnessed through various partnerships it has with various stakeholders e.g. NGOs like SHOFCO, the government through the CCK, the health sector through M-TIBA, among others. This was the feeling of a majority of respondents who said that stakeholder involvement is a major source of competitive advantage for Safaricom to a very great extent. The researcher therefore concludes that a firm must develop strategic stakeholder relationships so as to maintain a competitive edge over others in the industry.
In summary, the determinants of competitive advantage for firms within the telecommunication industry in Kenya are being innovative, conducting staff training and development, being oriented towards customers, and having healthy stakeholder involvement/relationship.

5.4 Recommendations

The study has indicated that training is crucial in maintaining a competitive edge. It therefore recommends that Safaricom needs to invest even more in research and development in order to develop even more innovative products and services if it wants to continue maintaining a competitive edge over its competitors. Investment in human resource at Safaricom through staff training is another area that needs more impetus so that the staff can be even more efficient and effective to deliver a competitive advantage over rivals. In addition, customer orientation needs to be given even more importance by Safaricom. This can be done by unveiling even more attractive products and services that are appealing to customers, as well as frequently running programs and initiatives that reward customers and increase their loyalty to Safaricom. Lastly, Safaricom can do more as far as stakeholder involvement is concerned. This can be achieved through lobbying as well as by contributing to policy, development and governance issues in the country to improve the lives of Kenyans at large. Safaricom can also take a more active role in corporate social responsibility initiatives to make its presence felt and endear itself to customers and other stakeholders.

The study also recommends that apart from the factors discussed above as being the major sources of competitive advantage for Safaricom, the company needs to consider other key factors that could contribute immensely to a competitive edge also. These factors include lowering the overall operational costs, improving quality of their service like better voice and reducing dropped call rates, superior database management and data processing capabilities, having strong marketing strategies, having access to working capital, leveraging on government support, and last but not least, having superior products and services.
5.5 Suggestion for Further Study

The suggested area for further research would be to explore the relationship between employee performance and competitive advantage. This is in light of the fact that during research, it was established that most Safaricom employees looked so motivated and carried out their duties with a lot of zeal and enthusiasm. Whether this has a direct bearing to their performance and hence giving Safaricom a competitive edge over its rivals is a question to be answered.
REFERENCES


collection of readings. Oxford University Press, USA.


Website: http://www.businessdictionary.com/definition/conceptual-framework.html
APPENDICES

APPENDIX I: QUESTIONNAIRE

SECTION A: GENERAL

1. Gender:  A. MALE  B. FEMALE

2. Department  ..............................................................

3. Years served:  A. 0-4  B. 4-8  C. 8-12  D. Over 12 years

4. Highest academic qualification:
   A. Primary
   B. Secondary
   C. University
   D. Postgraduate

SECTION B: COMPETITIVE ADVANTAGE

5. There are major players in the telecommunication industry in Kenya. What do you think is the competitive position of Safaricom in relation to other players in the industry?
   Market leader (Position 1)
   Market challenger (Position 2)
   Market niche (Position 3)
   Market follower (Position 4)

6. What do you think is the major source of competitive advantage for Safaricom Kenya Limited?
   ................................................................................................
   ................................................................................................
7. What do you suggest the firm can do to further enhance its market position in the telecommunication industry in Kenya and in the region?

.........................................................................................................................
.........................................................................................................................

SECTION C: INNOVATION

8. Do you think Safaricom Kenya Limited have innovative products and services?
   A. Yes □          B. No □

9. Do you think innovation is a major source of competitive advantage for Safaricom in this era?
   A. Yes □          B. No □

10. In what areas do you think the firm is innovative?
.........................................................................................................................
.........................................................................................................................
.........................................................................................................................

11. To what extent do you think innovation is a major determinant of competitive advantage for Safaricom Kenya Limited?
   A. Very great extent (5) □
   B. Great extent (4) □
   C. Moderate extent (3) □
   D. Low extent (2) □
   E. Very low extent (1) □
SECTION D: STAFF TRAINING

12. Do you think staff training is a major source of competitive advantage for Safaricom Kenya Limited?
   A. Yes  
   B. No  

13. If yes above, to what extent do you think staff training is a major determinant of competitive advantage for Safaricom Kenya Limited?
   A. Very great extent (5)  
   B. Great extent (4)  
   C. Moderate extent (3)  
   D. Low extent (2)  
   E. Very low extent (1)  

SECTION E: CUSTOMER ORIENTATION

14. Do you think customer orientation is a major source of competitive advantage for Safaricom Kenya Limited?
   A. Yes  
   B. No  

15. If yes above, to what extend do you think customer orientation is a major determinant of competitive advantage for Safaricom Kenya Limited?
   A. Very great extent (5)  
   B. Great extent (4)  
   C. Moderate extent (3)  
   D. Low extent (2)  
   E. Very low extent (1)  

16. What in your opinion, do you think Safaricom does to show that it’s oriented towards its customers?

………………………………………………………………………………………………

………………………………………………………………………………………………

SECTION F: STAKEHOLDER INVOLVEMENT

17. Do you think stakeholder involvement is a major source of competitive advantage for Safaricom Kenya Limited?
   A. Yes □   B. No □

18. If yes above, to what extend do you think stakeholder involvement is a major determinant of competitive advantage for Safaricom Kenya Limited?
   A. Very great extent (5) □
   B. Great extent (4) □
   C. Moderate extent (3) □
   D. Low extent (2) □
   E. Very low extent (1) □

Thank you for participating.
APPENDIX II: LETTER OF INTRODUCTION

Dear respondent,

I am an MBA student at Kenyatta University. I wish conduct a study on the determinants of competitive advantages for firms within the Telecommunications industry in Kenya and I would like to use your organization as a case study.

I kindly request for your permission to allow me conduct the subject study. The study is completely anonymous and the information obtained will be used only for academic purposes and will in no way be used to jeopardize your operations.

Your cooperation in this will be greatly appreciated.

Yours sincerely,

__________________________

Benson Milao
APPENDIX III: LIST OF TELECOMMUNICATIONS FIRMS IN KENYA

Safaricom Kenya Limited

Airtel Networks Kenya Limited

Telkom Kenya Limited (Orange)

Essar Telcom Kenya (YU)

Equity Bank Limited with the (Equitel money)