ISSN 2348-3156 (Print)
International Journal of Social Science and Humanities Research ISSN 2348-3164 (online)
Vol. 14, Issue 4, pp: (567-573), Month: October - December 2026, Available at: www.researchpublish.com

EFFECT OF PRODUCT DESIGN STRATEGY ON ORGANIZATIONAL PERFORMANCE OF SAFARICOM PLC, KENYA

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DOI: https://doi.org/10.5281/zenodo.24245390

Published Date: 15-November-2026

Abstract: **The telecommunications sector in Kenya is described by swift technological variations, growing competition and shifting customer preferences, making product design strategy vital for organizational performance. Specifically, Safaricom PLC has initiated several products and services, comprising M-PESA, mobile communication, and internet services with the aim of meeting the ever varying customer requirements. However, the company still encounter the continuous demand to adjust its products to technological improvements, customer anticipations, and competitive market situations. Therefore, this study sought to investigate the effect of product design strategy on organizational performance of Safaricom Plc, Kenya. The study was anchored on resource based view theory. A descriptive design was applied. The population was Safaricom Public Limited Company, Kenya headquartered within Nairobi County, Kenya. The respondents were 591 and a stratified sampling methodology was utilized in identifying a sample size 238 respondents. A semi-questionnaire was used as data collection instrument. The descriptive statistics measurements including percentages, mean, standard deviation and inferential statistics measurements using correlation analysis and regression analyses were utilized to examine quantitative data. The results were presented using tables. The study found that product design, strategy contributed positively and significantly to the organizational performance of Safaricom PLC. The study concludes that a continuous product development and customer-based product design are crucial for maintaining Safaricom's performance improvements. The study recommends that the company should continue investing in customer-focused product design by frequently gathering and including customer feedback into the enhancement of products and services.**

Keywords: **Product Design Strategy, Organizational Performance.**

1. INTRODUCTION

Performance is an indicator of how best a firm is performing against its goals for any business. Hashmi, Khan and Ajmal (2020) observe that performance of an organization refers to the actual outcomes or outcomes measured against the expected outcomes with organizations looking for performance that leads to sustainable competitive advantage. According to Ashmos, Duchon and McDaniel (2020), performance is contingent upon the strategic actions performed within the expected environment, and any change in the expected environment can lead to performance that is different from what was expected. Thomas (2023) indicates that enhancement of organizational performance results to improved results for the organization, employees and customers together. Therefore, a good performing organization has higher likelihood of creating more value, being innovative and maintaining a competitive advantage within its sector.

Abd-Elrahman and Ahmed-Kamal (2022) observe that the telecommunication has come to be a keystone of contemporary life, linking people, promoting businesses and innovation. However, the performance within this sector differs significantly through nations worldwide. Mollah, Choi, Hwang and Shin (2023) observe that South Korea has constantly classified amongst the top most countries for speed and connectivity of internet speed and is amongst international countries with

very high rate of smartphone penetration. According to Oredegbe and Zhang (2024), Germany is significantly positioned within the European telecommunication market branded by stronger regulatory structure that heartens competition amongst the providers, leading to reasonable prices and innovative services.

The telecommunication industry within African countries has presented a noteworthy development recently owing to the improvement in mobile phone diffusion and the enlargement of internet connectivity promoting economic development and improving communication within the continent (Bankole, Osei-Bryson & Brown, 2021). According to Adame (2021), the modern liberalization of Ethiopia's telecommunication market has unlocked the gate for new companies, resulting to improved infrastructure investment and enhanced service excellence and the presence of new companies from outside the country has stiffened competition. Mphahlele and Dachapalli (2022) show that the government of South Africa has initiated several programs such as the National e-Strategy, concentrating on intensifying broadband accessibility to less privileged communities through investment in fiber infrastructure resulting to enhanced internet speeds and more reachable online services.

Nasra (2020) indicate that Safaricom is the main telecommunication company that is well recognized for its advanced mobile money service namely M-Pesa which has transformed cash transaction behaviours by Kenyans and promoted financial inclusion. Muchungu and Mutua (2024) indicate amongst factors characterizing the telecommunication sector with Kenya is emphasis on innovation and adaptation. According to Ogindo, Mwanzia and Chepkemoi (2024), the government of Kenya has usually been working in collaboration with the neighboring east African countries to improve its cross-border telecommunications and synchronize regulations aimed at streamlining mobile money regulations amongst member states, which has a potential of unlocking unique opportunities for companies operating in Kenya to broaden their network.

Omayio (2020) observe that the business environment around the world has become more and more unpredictable and ever-changing over the past decades. The telecommunications sector has been one of the most affected sectors due to the fact that it is at the heart of the current globalization trend. Competition within the telecommunication sector is intense. According to Kaunyangi (2021), a company that is expecting to longer existence, greater achievement and remaining competitive within the present ever-changing business landscape has to effectively handle any changes facing it. Therefore, there is a need to understand how change management impacts organizational performance so that organizations that have not adopted change management can adopt change management and become more successful.

Organizations embraces change for several reasons like market needs, technological improvements, regulatory necessities and due to variations in workforce anticipations (Naslund & Norrman, 2022). According to Engestrom and Sannino (2023), better management of change articulates explicit methods and methods of handling business procedures and therefore, the organizational personnel need to positively handle changes and innovations in the organization. Arefazar, Nazari, Hafezi and Maghool (2024) observe that the management of change by an organization entails several ways like adoption of new technology or processes, team restructuring and cultural shifts.

Finster, Eagan and Hussey (2020) observe that product design is an indispensable component of organizational achievement owing to its definition of qualities, features, and performance of a service or product that clients desire. Yin, Sun, Tang, Xu and Shao (2022) indicate that a product design strategy is a thoughtful of the organizational consumers, product purposes and what structures the organization desires to embrace in the product. Therefore, product design is the process of designing a good or service that has high practical value and high appealing at a reasonable price and time.

Safaricom Public Limited Company (PLC) is the biggest telecommunications company within Kenya and amongst profitable companies within East and Central African area with its headquarter based within Nairobi County. The company has grown from being just a mobile network operator into a wide-ranging technology platform. The company was established in 1997 under full subsidiary ownership of Telkom Kenya. The company is registered under Nairobi Securities Exchange (NSE) with main shareholders including the national government, Vodacom Group Limited and Vodafone Group PLC. The main business divisions of the company comprise of telecommunications services, M-PESA transactions, enterprise business and digital farm

Safaricom embraces a leading market portion within the Kenyan mobile ground due to wider recognition of its 'M-PESA' environment, which has considerably promoted financial inclusion within the Country. The company has too remained an innovator in 5 G distribution within region. Presently, Safaricom has prolonged its footmark outside Kenya, most remarkably through launch of its operations within Ethiopia after earning a competitive telecommunications authorization as a share of an international association. The company is guided by its mission 'Transforming Lives. The company places

much commitment to UN Sustainable Development Goals (SDGs) and sustains a stronger corporate social responsibility programs using Safaricom Foundation and M-PESA Foundation.

2. STATEMENT OF THE PROBLEM

Safaricom has generally enjoyed a dominant position in the Kenyan telecom market, commanding nearly 70% of the customer base. But recent data indicates a potential decline. The Communications Authority of Kenya review of year 2025, In 2021, Safaricom Plc had earned a market share of 65% within the telecommunications sector in Kenya. However, by the year 2025 the market has dropped to 55%. The Safaricom Plc profitability in the year 2021 was about Ksh 254 billion. However, at the end of 2025 shows the profitability was at Ksh 270 billion. Though this indicates growth, it is far much slower compared to the growth rate experienced in previous years. Notwithstanding being a market frontrunner, Safaricom has been confronted with criticism concerning the quality of services it is offering to its customers as the customer satisfaction surveys done yearly indicate a declining trend in perceived service quality. For example, in 2021, customer contentment was at 85%, but the 2025 survey indicated that it had declined to 75% (CAK, 2025).

3. LITERATURE REVIEW

Theoretical Literature Review

Resource Based View Theory

The founder of this theory was Penrose (1959) who proposed a model for effectively managing a company's resources through conceptualizing a company as a synchronized set of resources in addressing and solving the problem of how to achieve goals and strategic actions. Moreover, Penrose (1959) indicated that managers play an important active role in detecting and seeking production chances within a vibrant organizational setting whereby they resources can be changed to offer fruitful services and demand situations that could influence that production volume. Though, such entrepreneurial abilities are not correspondingly accessible to each managers and every firms, the companies possessing highest level managerial talents can leverage superior productive capacity and realize superior returns (Penrose, 1959).

Bryson, Ackermann and Eden (2017) observe that RBV theory provides structure for giving an outline and prediction of essential performance levels and competitive gain, taking an inside led method in comprehending the achievement or failure of leveraging the tasks of the organization. Colbert (2019) show that RBV resources includes assets, the process adopted by the business, competences, corporate qualities, awareness and evidence that are managed by the firm and used to understand and execute strategies meant for improving proficiency and efficacy.

Wright, McMahan and McWilliams (2017) indicate that the sources of corporate resources can differ between internal and external to an organization. The internal resources, like research and development (R&D), logistics, management of brand and lowering the cost incurred within processes and external resources, such as supplier roles, customer needs, and technological change. Furthermore, enterprise resources can be placed within three dimensions: physical, human and capital. Therefore, RBV theory could assist a firm in establishing its individual resources internally for performance enhancement.

Empirical Literature Review

Kamau and Thoronjo (2022) assessed product design strategies applied by Kenya Power Company based in Kiambu County in improving its performance employing a descriptive design. The research sampled 1021 employees working with the customer and service marketing departments of the company through proportionate sampling technique. The result obtained was that the company had achieved improved performance due to effective penetration to markets and development of quality products. A conceptual gap is established as product design strategy was measured differently in terms of utility, reliability and integration in the current study.

Abdirahman and Wanjira (2021) evaluated product design used by Commercial Banks operating in Garissa County on performance using a descriptive design. The respondents were 80 obtained from the senior level of management. A questionnaire was adopted as the instrument for gathering data. The outcome observed was that the implementation of product design by these banks was effective had contributed significantly towards improving performance.

Auma and Waithaka (2020) research based on analyzing the product design strategy within public universities in Kenya on performance guided by cross sectional design. A total of 33 public Universities was sampled through stratified methodology

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and obtained respondents from all the departments. The process of gathering data was guided by a semi-structured questionnaire. The investigation found that the design of the products by these institutions could result to significant improvement of performance through achieving personalized programs.

4. RESEARCH METHODOLOGY

The study used descriptive research design. The target population was Safaricom Public Limited Company, Kenya headquartered in Nairobi County, Kenya. The respondents were 591 and a stratified sampling methodology was utilized in identifying a sample size 238 respondents. A semi-questionnaire was used as data collection instrument. The descriptive statistics measurements including percentages, mean, standard deviation and inferential statistics measurements using correlation analysis and regression analyses were utilized to examine quantitative data. The results were presented using tables.

5. FINDINGS

The descriptive statistics results using percentages, mean and standard deviation indicating the level of respondents' agreement on statements regarding technology adoption of Kenya Revenue Authority are presented in Table 1.

Table 1: Product Design Strategy

Statements	**M**	**St.dev**
The products offered by Safaricom meet my daily communication needs	4.05	0.95
The ease of use of Safaricom's products significantly enhances my experience	4.58	0.42
Safaricom's products consistently meet my expectations for quality	3.77	1.23
Safaricom's customer service effectively resolves issues related to product reliability	4.49	0.51
Safaricom effectively integrates customer feedback into their product design process	4.09	0.91
There is a strong level of collaboration between different departments in Safaricom in terms of product design	3.91	1.09
Aggregate score	**4.15**	**0.85**

Source: Research Data (2026)

The results show that statements that the ease of use of Safaricom's products recorded the highest mean score had (M = 4.58, SD = 0.42), signifying that respondents strongly agreed that user-friendliness improves their general experience. Similarly, customer service's effectiveness in resolving product reliability issues scored highly (M = 4.49, SD = 0.51), demonstrating that Safaricom provided effective support when customers experienced product-linked challenges. The statement that Safaricom's products met customers' daily communication needs recorded a mean of 4.05 (SD = 0.95), while the integration of customer feedback into product design achieved a mean of 4.09 (SD = 0.91). These results suggested that respondents generally perceived that Safaricom addressed their communication demands and considered customer input when developing its products. However, the quality of Safaricom's products recorded a relatively lower mean of 3.77 (SD = 1.23), demonstrating that there could be opportunities to enhance product quality and consistency in attaining customer anticipations. Similarly, collaboration between departments in product design had a mean of 3.91 (SD = 1.09), signifying room for enhancement in internal coordination.

The results also show that the aggregate mean score is 4.15 which means there was a general positive perception of Safaricom's product design strategy by the respondents. This also suggested that on average, the respondents had a favorable opinion of Safaricom's ability in meeting their clients' communication needs, enhancing user experience and incorporating customer feedback. The aggregate standard deviation score of 0.85 demonstrates a moderate level of agreement amongst the respondents concerning their perceptions.

Inferential Statistics Results

The inferential statistics involved correlation analysis and regression analysis.

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Correlation Analysis Results

Table 2: Correlation Analysis Results

		Product design strategy	Organizational Performance
Organizational Performance	Pearson Correlation	.758**	1
	Sig (2-tailed)	.003	
	N	209	209

Source: Research Data (2026)

The results from the correlation analysis indicated strong and statistically significant positive correlations between product design strategy and organizational performance of Safaricom Plc Kenya (r = 0.758; p = 0.003).

Regression Analysis Results

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error Estimate
1	0.893	0.797	0.726	0.497

Source: Research Data (2026)

The model summary results specifically focusing on adjusted R Square value of 0.726, demonstrates that about 72.6% variation of organizational performance of Safaricom Plc Kenya was due to the influence of product design strategy considered in the model. Therefore, the remaining 27.4% accounts for other variables not considered within the model.

Table 4: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.638	0.251		2.542	0.003
	Product design strategy	0.714	0.304	0.694	2.349	0.002

Source: Research Data (2026)

The results indicate that the dependent variable would be at 0.638 when product design strategy is kept constant. The resulting regression model equation achieved is expressed as;

Organizational performance = 0.638 + 0.694(product design strategy) + ε

The product design strategy was positively and statistically related to the organizational performance of Safaricom PLC, Kenya (β=0.694; p<0.05). Moreover, an improvement on product design strategy would result to 0.714 improvement on organizational performance when other variables are kept constant.

6. CONCLUSIONS

The study concludes that a continuous product development and customer-based product design are crucial for maintaining Safaricom's performance improvements. A well designed product design strategy guarantees that the growth of competitive, innovative products that address market needs, thus improving customer satisfaction. A well implemented product design strategy streamlines operations, minimizes expenses and increase revenue using differentiation and value creation. Furthermore, a stronger product design strategy assists Safaricom in adapting to technological variations and competitive pressures, eventually boosting growth, market share and maintainable organizational performance.

7. RECOMMENDATIONS

The company should continue investing in customer-focused product design by frequently gathering and including customer feedback into the development and enhancement of products and services. The company should focus ease of use, quality,

reliability and responsiveness to the varying customer demands. The cross-functional collaboration between product expansion, marketing, technology and customer service personnel should be reinforced to ensure that newly introduced products effectively addresses customer requirements.

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