

INFLUENCE OF DIFFERENTIATION STRATEGY ON THE PERFORMANCE OF SAFARICOM KENYA LIMITED

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Abstract: Good strategies are needed in order for organisations to succeed in a competitive worldwide environment. Safaricom needs competitive strategies to allow them to overcome the competitive difficulties they face in their operating environment. The rise in Kenya's telecommunications companies has led in harsh competition. Safaricom seeks to take full advantage of the possibilities open to them in this respect in order to gain competitive advantage. This research therefore aimed to determine the impact of differentiation strategy on telecommunications industry performance in Kenya. This study used the design of descriptive research. There were 58 participants in the target population. A census was conducted of 58 participants. Using questionnaires, primary data was gathered. The mean and standard deviations were used to analyze quantitative data gathered as descriptive statistics. The study found a significantly positive influence between differentiation strategy and the performance of Safaricom. The research concludes that a good strategy to product differentiation produces customer loyalty and the same strategy that gains market share through perceived quality or cost savings can create consumer loyalty and recommends that Safaricom continue to give customers quality or value in order to maintain customer loyalty.

Keywords: Differentiation Strategy, Organizational Performance.

1. INTRODUCTION

Competitive strategy that has allowed organizations to deal with growing both the internal and external environmental complexities have been implemented over the years. According to Barney (2010), a company is said to have a competitive advantage when implementing a value-creating approach that is not being applied simultaneously by any present or potential player. Differentiation strategies are usually recognized, according to Malburg (2013), as significant aspects that support the power of strategies taken by various organisations that can lead to higher rates of performance in the current competitive market circumstances.

Chenhall and Langfield-Smith (2013b) observe that a differentiation approach includes the company creating a product or service that is deemed unique to the customer's values in some respect. Chenhall and Langfield-Smith (2013b) also indicate that a differentiation approach can be accomplished through flexibility of the product, quality service or customer service in a variety of aspects. Similarly, Porter's generic differentiation approach was further created into more particular approaches in response to the complexity of the environment, such as product innovation differentiation, client responsiveness, or marketing management (Porter, 1980)..

Johnson, Richard, Devinney and Yip (2015) note that organisational performance includes an organization's real production or output as measured against its expected outputs in terms of goals and targets based on its earnings. Organizational performance involves various actions that assist set the organization's objectives and track progress toward the goal. The author further observes that organisational performance is used to create more efficient and effective changes to achieve objectives. Organizational performance is what business executives and owners are generally upset

about, according to March and Sutton (2010). However, tasks need to be defined and achieved for any company to be successful. It is essential for an organisation to create skill-based strategies that would improve the organization's performance.

2. STATEMENT OF THE PROBLEM

Kenya's mobile service industry has been acknowledged as one of the fastest increasing industries while experiencing elevated levels of competition in Africa (World Bank Report, 2015). The sector has witnessed an increase in the number of players to the current four and customer base of 22.6 M in 2012 with one single operator in the 1990s (CCK, Annual Report, 2016). At the same moment, clients have become quite enlightened and require better services at reduced rates than before. With technology change, many clients are taking advantage of inexpensive means of communication such as internet and Internet Protocol voice. In such an unpredictable market, these companies' executives will therefore need to create suitable policies to assist them efficiently handle emerging exogenous disturbances induced by market competition.

Due to economic liberalization, Kenya's telecommunications industry has been in a steady state of change, competition has become stiff and all the organizations operating the industry have to conform to the changing environment. Addressing the enhancement and execution of the competitive approach needs Safaricom executives to identify helpful resource gaps that exist and should be resolved to guarantee that the current strategy of the organization is competitive. Furthermore, the entry of players such as Airtel, Telkom and mobile money services into the sector continues to toughen the competition. Safaricom therefore needs to create unique differentiation-level strategies to enhance its performance.

3. LITERATURE REVIEW

Aliqah (2012) conducted a survey study on the impact of differentiation on organisational performance in Jordanian firms comprising 33 industrial firms listed on the Amman stock exchange by early 2010 and agricultural firms listed on the Amman stock exchange. The multiple regression assessment shows that the differentiation approach does not have any important impact on the organisational performance of such businesses. Rahman, haque and ahmad (2010) studied factors affecting the selection of suppliers of mobile phone services. Data were gathered from three mobile operators' customers in Malaysia's main towns. The outcome is that the most significant factor is price or call rate, followed by quality of service, accessibility of service and promotion.

Spencer, Joiner and Salmon (2009) conducted a survey on the connection in Australia between differentiation strategy, performance measurement technologies and organisational performance. The findings of their research suggest that, first, companies pursuing a differentiation approach (product flexibility or client service concentrate) use non-financial and economic performance measures; second, these performance measures are connected with greater managerial performance; and third, a positive association exists between the strategic emphasis of a firm on differentiation and differentiation. Lawrence and Bagshaw (2017) researched the role of competitive advantage in value development: a study of mobile network activities in Rivers State, Nigeria concentrating on 7(7) operating mobile network providers. The study revealed that differentiation approach affects the value creation of telecommunications network operators in Rivers State, Nigeria with a coefficient correlation (r) of 0.9995 showing a powerful connection between differentiation strategy and value creation.

In Kenya, a study conducted by Bukirwa (2017) on how competitive approaches affect the organisational performance of hotels in Mombasa County, Kenya using descriptive survey research design and a target population of 24 classified hotels in Mombasa County registered under the Kenya Association of Hotelkeepers and Caterers discovered that differentiation had a favorable and substantial impact. The research suggested that hotels have appealing goods and provide better facilities to attract more clients than their rivals, and that management formulate differentiation strategies that will add to the competitive benefit of hotels in Mombasa County.

4. RESEARCH METHODOLOGY

This study was conducted through a descriptive design of studies. Safaricom organization was the target populations whereby a census was conducted of 58 participants. The research used an open-ended and close-ended questionnaire. Quantitative data were analyzed using descriptive statistics such as mean and standard deviations. Analysis of regression was used to assess the relationship between dependent variable and dependent factors at a confidence point of 95% and an error term of 5%.

5. FINDINGS

The findings of the influence of differentiation strategy on organizational performance are indicated in Table 1.

Table 1: Differentiation Strategy

	Mean	Standard Deviation
High technology adoption has been retained by companies in the telecommunications industry in Kenya	3.94	1.302
Telecommunications companies in Kenya have brought distinctive product characteristics to their market segments	4.18	0.740
Telecommunications companies in Kenya assured timely service delivery	4.39	0.532
Company leadership in Kenya's telecommunications industry focuses on continuous improvement	4.35	0.770
Companies in Kenya's telecommunications industry outsource to access the best and then provide distinctive services	4.63	0.488
Telecommunications companies in Kenya have employed extremely qualified personnel in their activities	4.61	0.532
Telecommunications companies in Kenya have ensured that client defection is decreased	4.65	0.483
Average Score	4.39	0.692

Table 4.4 results show that respondents strongly agreed that differentiation strategy influences Safaricom Kenya Limited's performance with an average mean score of 4.39 and variance of 0.692. This is according to Bukirwa (2017) on how competitive policies affect hotel organisational performance in Mombasa County, Kenya and discovered that differentiation has a beneficial and substantial impact on Hotel organisational performance. The most agreed statement was that Telecommunications companies in Kenya have ensured that client defection is decreased with a mean of 4.65 and variance of 0.483 which is in line with Aliqah (2012) research which showed an important impact of the differentiation approach on organisational performance. On the other hand, the mean of 3.94 and a variance of 1.302 shows that the respondents agreed moderately that high technology adoption has been retained by companies in the telecommunications industry in Kenya which shows a different findings as compared to the study by Bagshaw (2017) that discovered a powerful connection between the policy of differentiation and the enhancement of organizational performance.

6. CONCLUSIONS AND RECOMMENDATIONS

The research concludes that customer brand loyalty is created by a good product differentiation approach. The same approach gaining market share through perceived quality or cost savings can generate consumer loyalty. The research also concludes that Safaricom's differentiation approach led to the implementation of technology, and that banks were able to develop fresh and distinctive products and services.

In order to preserve customer loyalty, the research proposes that Safaricom must continue to offer quality or value to customers. It is essential that the organisation strives to be unique in the telecommunications industry by providing products and services that are unique to its rivals and that are unique in their situation to satisfy those requirements.

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