



**The Effect of Competitive Strategy Adopted by Safaricom  
Ethiopia to Attain Market Leadership: The Mediating Role of  
Government Policy and Regulation**

**By:  
Meron Sahle**

**A THESIS SUBMITTED TO ADDIS ABABA UNIVERSITY IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A  
MASTER'S DEGREE IN BUSINESS ADMINISTRATION**

**Advisor:  
Asres Abitie (PhD)**

**May 2023  
Addis Ababa, Ethiopia**

## DECLARATION

I, Meron Sahle declare that this study entitled “**Analysis of Competitive Strategies Adapted by Safaricom Ethiopia to Attain Market Leadership in Ethiopia**” is my original work and has not been submitted for any Degree or Diploma in any University. To the best of my knowledge, all sources of materials used for the study have been duly acknowledged.

Declared by Meron Sahle

Signature: \_\_\_\_\_

Date: May 2023

## CERTIFICATION

This is to certify that the thesis prepared by Meron Sahle, entitled "*Analysis of Competitive Strategies Adopted by Safaricom Ethiopia to Attain Market Leadership in Ethiopia*," complies with university rules and standards for originality and quality and was submitted in partial fulfillment of the requirements for the degree of Master of Business Administration. Approved by the Board of Examiners.

_____	_____	_____
Advisor	Signature	Date

_____	_____	_____
Internal Examiner	Signature	Date

_____	_____	_____
External Examiner	Signature	Date

## ACKNOWLEDGMENT

First and foremost, I would like to praise Almighty God and his mother, Saint Merry, for inspiring me to start and having the patience to finalize this thesis work. Without his grace and wish, I wouldn't be where I am now, and this work couldn't be accomplished.

Second, I want to express my sincere gratitude to my advisor, **Asres Abitie** (Ph.D.), for his valuable advice, constant support, commitment, dedication, encouragement, precious guidance, creative suggestions, and critical comments, and for being everlastingly enthusiastic from the beginning to the end of the research.

Next, I would like to express my deepest gratitude to my mom w/o Abaynesh Maru, and my sister Tsion Sahle for their love and support throughout my life. Also special thanks to my friends, Biruk Shifeaw and, Kefelegn Fekene for their valuable pieces of advice and for helping me to improve my research.

Last but not least, I am also grateful to all the management staff of Safaricom for their cooperation in providing very valuable information concerning the competitive strategy practiced in their organization. Also, I am thankful to the 54 respondents who responded to my questionnaires; this work wouldn't have materialized without their participation.

## ABSTRACT

*Rapid evolution in the internet and telecommunications technology has resulted in an increase in the numbers and modes of telecom access as well as its use. Safaricom Ethiopia has emerged as a new player in the telecom market in Ethiopia, with a lower current market share than all telecom businesses in Ethiopia. This study sought to determine the competitive strategies adopted by Safaricom Ethiopia to get market leadership in the market of Ethiopia, and the challenges experienced in applying the strategies. This research conceptualized and analyzed four dimensions of a competitive strategy: cost leadership, differentiation, corporate growth, and focus and test their relationships in the respective market leadership. The study used both qualitative and quantitative approaches and the target population for this study was managers at Safaricom Ethiopia. This population was chosen because the managers are the ones who perform strategy formulation and implementation. The target population was managers from all seven departments at Safaricom Ethiopia. The relationships proposed in the framework were tested using Pearson correlation, and the causal relations were analyzed using regression analysis. The data was collected by distributing questionnaires to the departments that are key to the design, implementation, marketing, technology, resourcing, and customer support of telecom services at Safaricom Ethiopia. The data were analyzed using descriptive and inferential statistics and presented using frequency, mean, correlation, and regression, and the findings were presented in the table. The research findings have shown that competitive strategies have a positive significant effect on market leadership. This study also revealed that government policy and regulation mediate the competitive strategies and market leadership relationship.*

*The study concluded that Safaricom has been utilizing cost leadership, focus, and differentiation strategies to attain market leadership. The study recommends that this paper is only on the case of Safaricom Ethiopia, and future research should consider other business organizations.*

***Keywords: Competitive Strategies, Market Leadership, Cost Leadership, Differentiation, Focus, Corporate Growth, Policy and Regulation.***

# TABLE OF CONTENTS

<b>Contents</b>	<b>Page</b>
<b>CERTIFICATION</b> .....	<b>i</b>
<b>ACKNOWLEDGMENT</b> .....	<b>i</b>
<b>ABSTRACT</b> .....	<b>ii</b>
<b>TABLE OF CONTENTS</b> .....	<b>iii</b>
<b>LIST OF TABLES</b> .....	<b>vii</b>
<b>LIST OF FIGURES</b> .....	<b>viii</b>
<b>ABBREVIATIONS</b> .....	<b>ix</b>
<b>CHAPTER ONE</b> .....	<b>1</b>
<b>INTRODUCTION</b> .....	<b>1</b>
1.1. Background of the Study.....	1
1.2 Background of the Organization .....	3
1.3. Statement of the Problem .....	3
1.4. Research Questions .....	5
1.5. Research Objectives .....	6
1.5.1. General Objective .....	6
1.5.2. Specific Objectives .....	6
1.6. Significance of the Study .....	6
1.7. Scope of the Study.....	7
1.8. Organization of the Paper.....	7
1.9 Definition of Terms.....	7
<b>CHAPTER TWO</b> .....	<b>9</b>
<b>REVIEW OF RELATED LITERATURE</b> .....	<b>9</b>
2.1. Introduction .....	9
2.2. Concept of Strategy .....	9
2.3. Competitive Strategy.....	9

2.4. The Effect of Competitive Strategy on Firm Performance .....	11
2.5. Corporate Growth Strategies .....	11
2.5.1. Market Penetration .....	12
2.6 Factors Leading to A Successful Competitive Strategy .....	12
2.7. Challenges of Implementing Competitive Strategies.....	13
2.8. Theoretical Perspective .....	14
2.8.1 Porter Generic Strategy .....	14
2.8.2. Innovation Profit Theory .....	16
2.8.3 Resource-Based Theory.....	16
2.8.4 Open Systems Theory.....	17
2.9. Market Leadership.....	17
2.10. Market Leadership in Telecommunications .....	19
2.11. Organization Performance.....	19
2.12. Government Policies .....	20
2.13. Empirical Review of the Study .....	20
2.14. Summary of Literature and Knowledge Gap .....	22
2.15. Conceptual Framework .....	23
<b>CHAPTER THREE .....</b>	<b>24</b>
<b>METHODOLOGY .....</b>	<b>24</b>
3.1 Introduction .....	24
3.2. Research Design.....	24
3.3. Target Population and Sampling Design.....	25
3.3.1 Target Population .....	25
3.3.2 Sampling Technique.....	25
3.3.3 Sample Size .....	25
3.4. Data Sources and Types .....	26
3.5. Data Collection Procedures .....	27
3.6. Data Analysis .....	27

3.6.1. Quantitative .....	27
3.6.2 Qualitative Data Analysis .....	28
3.7. Validity and Reliability .....	28
3.7.1. Validity .....	28
3.7.2 Reliability .....	30
3.8. Ethical Consideration .....	31
<b>CHAPTER FOUR.....</b>	<b>32</b>
<b>RESULTS AND DISCUSSION .....</b>	<b>32</b>
4.1. Introduction .....	32
4.1.1 Response Rate.....	32
4.2 Demographic Description of Respondents.....	33
4.3. Descriptive Analysis for Competitive Strategies and Market Leadership .....	35
4.3.1 Cost Leadership .....	35
4.3.2. Differentiation Strategy .....	36
4.3.3 Focus Strategy .....	38
4.3.4. Corporate growth Strategy.....	39
4.3.5. Policy And Regulation.....	40
4.4.6. Market leadership .....	41
4.4. Inferential Statistics for Competitive Strategies, Policy and Regulation and Market Leadership.....	42
4.4.1. Correlation Analysis .....	42
4.4.1.1. Correlation Analysis between Construct of Competitive Strategies Practices and Market Leadership .....	42
4.4.1.2. Correlation between competitive strategies and market leadership.....	45
4.5. Multiple Regression Analysis .....	45
4.5.1 Regression Analysis Assumption Tests.....	45
4.5.1.1 Linearity .....	46
4.5.1.2 Normality .....	47

4.5.1.3. Multicollinearity Test.....	47
4.5.1.4. Autocorrelation Test .....	48
4.5.1.5. Homoscedasticity Test .....	48
4.5.1.6. Homoscedasticity Test .....	49
4.6. Effect of Competitive Strategies on Market Leadership.....	49
4.7. Hypothesis Testing.....	52
4.8. Analysis Qualitative Data.....	58
4.8.1 Competitive Tactics and Market Leadership.....	58
4.8.2. Challenges of Competitive Strategies.....	59
<b>CHAPTER FIVE .....</b>	<b>62</b>
<b>SUMMARY, CONCLUSION, AND SUGGESTIONS.....</b>	<b>62</b>
5.1. Introduction .....	62
5.2. Summary of the Findings .....	62
5.3. Conclusion.....	63
5.4. Recommendation.....	63
5.5 limitations and Future Research directions .....	65
5.6. Contribution of the study .....	65
5.6.1 Theoretical contributions .....	65
<b>REFERENCES.....</b>	<b>66</b>
<b>APPENDIX.....</b>	<b>75</b>
<b>Section A: Demographic information .....</b>	<b>76</b>
<b>Section B: Competitive Strategies .....</b>	<b>77</b>

## LIST OF TABLES

	<b>Page</b>
Table 3-1: Population Distribution .....	26
Table 3.2: Alpha Cronbach value .....	30
Table 3.3: Reliability of Competitive Strategies.....	30
Table 4.1: Demographic background of Respondents.....	33
Table 4.2: Category of cutoff points .....	35
Table 4.3: Descriptive Statistics cost leadership.....	35
Table 4.4: Differentiation.....	36
Table 4.5: Focus.....	38
Table 4.6: Corporate growth.....	39
Table 4.7: Government Policy and Regulation.....	40
Table 4.8: Statistics-Market leadership.....	41
Table 4.9: Correlation Analysis of competitive strategies practices and market leadership .....	43
Table 4.10 Correlation between competitive strategies and market leadership.....	43
Table 4.11: Multicollinearity Test .....	48
Table 4.12: Model Summary .....	50
Table 4.13: Regression model analysis (ANOVA of regression).....	50
Table 4.14: Coefficients of model .....	51
Table 4.15: Mediator analysis.....	55
Table 4.16. Hypothesis Test Results in Summary .....	57

## LIST OF FIGURES

	<b>Page</b>
Figure 2.1: Conceptual framework .....	23
Figure 4.1: Linearity .....	46
Figure 4.2: Normality.....	47
Figure 4.3: Homoscedasticity Test .....	49
Figure 4.4: Mediation report result .....	56

## **ABBREVIATIONS**

<b>KPTC:</b>	Kenya Posts and Telecommunications Corporation
<b>HR:</b>	Human Resource
<b>UK:</b>	United Kingdom
<b>RBV:</b>	Resource-Based View
<b>SCM:</b>	Supply chain management
<b>SPSS:</b>	Statistical Package for the Social Science
<b>PLMS:</b>	Profit Impact of Marketing Strategy
<b>VIF:</b>	Variance Inflation Factor analysis
<b>ECA:</b>	Ethiopian Communications Authority
<b>LLCI:</b>	Lower Limit Confidence Interval
<b>ULCI</b>	Upper Limit Confidence Interval
<b>CS:</b>	Competitive strategy
<b>SPS:</b>	Simple Random Sampling

# CHAPTER ONE

## INTRODUCTION

The purpose of this research is to identify the competitive strategies adopted by Safaricom Ethiopia. This chapter provides the Background of the study, Statement of the Problem, Research Questions, Objective of the Study, Significance of the Study, Scope of the Study, Organization of the Study & Definition of Terms.

### 1.1. Background of the Study

A company's strategy is the management's action plan for running the business and conducting operations. The crafting of a strategy represents a managerial commitment to pursue a particular set of actions in growing the business, attracting and pleasing customers, competing successfully, conducting operations, and improving the company's financial and market performance (Thompson, Gamble, Peteraf, Strickland, 2020).

Competitive strategy is the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs. The competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. This involves identifying sources of competition in the ever-changing environment and then developing strategies that match organizational capabilities to the changes in the environment. The competitive strategy consists of all those moves and approaches that a firm has and is taking to attract buyers, withstand competitive pressure, and improve its market position (Gathinji & Loice, 2014).

A competitive strategy is one that specifically directs an organization in gaining a competitive advantage Above its rival's developing a competitive strategy is developing a broad formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry out those goals (Porter, 1998). Market leadership or leading market companies can be defined as those with the highest market share in an industry, these companies can create competitive advantages that can be translated into performance advantages over their competitors. The competitive advantages associated with market leadership could be explained theoretically as

emerging from positive network externalities, first-mover advantages, and superior resources and capabilities (Otsetova, Kolev, Georgi, & Georgiev, 2018).

Competing strategies were initially defined as having two dimensions: supply and demand, or strategic scope and strength. However, this was later simplified into three general tactics: overall cost leadership, differentiation, and focus. A focus strategy is a competitive approach that involves targeting a specific market segment or niche and tailoring the product or service offering to meet their unique needs. A differentiation strategy, on the other hand, emphasizes creating a unique and valuable product or service that stands out from the competition. Finally, a cost leadership strategy aims to achieve a competitive advantage by offering products or services at a lower cost than competitors while maintaining acceptable quality (Porter, 2004).

Market leadership is identifying and creating attractive, profitable market opportunities and developing the market plan that will lead the company to capture a dominant and profitable market share (Ryans A. , 2000). Market leaders have a commanding market share and attract superior customer value for their products or service. Commanding market share is achieved through competitive advantages and by delivering differentiated benefits to customers (Rafinejad, 2007).

Market leadership is identifying and creating attractive, profitable market opportunities and developing the market plan that will lead the company to capture a dominant and profitable market share (Ryans A. , 2000). Market leaders have a commanding market share and attract superior customer value for their products or service. Commanding market share is achieved through competitive advantages and by delivering differentiated benefits to customers (Rafinejad, 2007).

Organizations intending to achieve market leadership own or control relevant technologies in their area of operation, regardless of whether anyone else is using it. They aim to be the first to roll out and act fast in implementing the technologies. They also create new products and aim to make them industry standards. Market leaders focus on developing high growth business strategies, inspire vision and stretch their targets and develop creative competitive and marketing strategies. They also invest in their organization structure incorporating lean processes and alliances that provide a competitive edge over the competitors (Neal Et al, 2008).

According to cheong and kim2018 government policies and investments have a widespread, significant, and sometimes positive impact on any developed country's corporate climate and economic growth.

## **1.2 Background of the Organization**

Ethiopia, the second-most populous country in Africa with 110 million inhabitants, has one of the oldest public telecommunication operators established in 1894. Despite its age, Ethiopian telecommunication remains one of the least developed in the world. Ethiopia had been one of the last in Africa to allow its national telecom a monopoly on all telecom services including fixed, mobile, internet, and data communications. This has stifled innovation, restricted network expansion, and limited the scope of services on offer (Bogale, 2005).

In Ethiopia, the state owns telecommunications infrastructure and services. This monopolistic policy led to underinvestment of the telecom sector and poor telecom services. Moreover, there is no independent and efficient regulatory agency; the regulator has few professional staff. Therefore, the absence of facilities-based competition coupled with inexperienced and ineffective regulatory oversight is the leading cause of Ethiopia's poor telecommunication service (Adame, 2021).

Safaricom is a telecommunications company based in Kenya that offers voice and data services to its customers. The company is majority-owned by Vodafone and has over 35 million subscribers. In 2021, Safaricom was awarded a license by the Ethiopian government to operate in Ethiopia, making it the first foreign company to provide telecom services in the country. This is seen as a major milestone for the company's expansion strategy, and it's expected to bring significant benefits to both Safaricom and Ethiopia's economy. The company plans to invest upwards of \$8 billion over the next decade to build out its infrastructure and services in Ethiopia (Lipscombe, 2022).

## **1.3. Statement of the Problem**

In highly competitive environments, organizations are often compelled to employ all their resources in making sure that they are operating at an optimum to maximize their advantage over their competitors (Behl, 2022). (Thompson & Strickland, 2002) Noted that a company has a competitive advantage whenever it has an edge over its rivals in securing customers and defending

itself against competitive forces. The market leader has a substantial market share and is dominant in Chosen industry (Kotelnikovs, 2004). Organizations that want to lead the market must be the industry leader in establishing an innovation-friendly organization, developing new business models and new products or services.

The telecommunications industry being agile forces organizations trading in the sector to constantly come up with competitive strategies to survive the tight competition. Data technologies have earned a place as one of the core disruptors of the digital age. Safaricom Kenya Limited is one of the telecommunications companies that need to constantly adapt its competitive strategies to the ever-changing market to maintain market leadership in the emerging data market. (Ndambuki, 2016).

Competitive strategies have been a subject of research across the globe (Pisano & Hitt, 2012). (Chan-Olmsted, 2000) conducted studies on competitive strategy in the global telecommunications market. Her research reveals that the general drivers of growth for the telecommunications industry today are the expansions of both product and geographical markets. (Wernerfelt & Karnani, 1987) Notes that competitive strategy under uncertainty involves a tradeoff between acting early and acting later after the uncertainty is resolved. (Tellis & Gerard, 2006) in their research on the real causes of the enduring market, leadership found that market leaders embody five factors critical to success: vision, persistence, commitment, innovation, and asset leverage.

Related studies on the competitive strategies of Safaricom Kenya Limited include (Njuguna, 2012) who did a study on the competitive strategies adopted by Safaricom Kenya Limited to tackle competition. In his research, Njuguna found out that the cost leader strategy is adopted and there is a frequent change in strategy when the one adopted is seen not to be working. He concludes that to succeed, a company needs to use more than one strategy. (Kasyoka, 2011) researched the use of strategic positioning to achieve a sustainable competitive advantage at Safaricom Kenya Limited. In his findings, Kasyoka concludes that the use of cutting-edge technology was a strong driver of the company's sustainable competitive advantage. He identifies the role of cost leadership in achieving sustainable competitive advantage as an area of further research.

Therefore, Safaricom Ethiopia is a new player in the Ethiopian telecom market, and its goal is to gain a position in the market and encourage people to use its products and services. As a

competitive organization, Safaricom Ethiopia aims to grow and become profitable, and ultimately lead the market. However, competing in a market controlled by the government presents challenges. To overcome these challenges and succeed, Safaricom Ethiopia needs to develop a new and achievable plan that aligns with its current competitive strategy. This will require a special strategy that considers various factors, including people's reluctance to adapt to new products and services quickly.

However, the relationship between competitive strategies with market leadership cannot be regarded as conclusive. Despite the increase of empirical research in the last few years, important differences in research design undermine comparability: lack of consensus about the definition and dimensionality of the competitive strategies, use of different units of analysis, and different approaches to performance measurement. As far as the knowledge of the researcher is concerned, there is no empirical study that is conducted in the area of competitive strategies and market leadership (i.e., from perspectives innovation, focus strategy, quality, differentiation, on market leadership) which incorporate telecom firms in Ethiopia, particularly on Safaricom Ethiopia. Therefore, since the effort to achieve generalization of the causal relationship between competitive strategies and market leadership calls for empirical confirmation in diverse environments, especially emerging economies, this paper is to contribute to the debate by testing the relationship between competitive strategies and market leadership in the case company.

Therefore, this study aims to provide an answer to the research question: What type of competitive strategy would you employ to enhance market share or obtain market leadership?

#### **1.4. Research Questions**

The study will attempt to address the following research questions;

1. What are the competitive strategies employed by Safaricom Ethiopia to attain market leadership in the Ethiopian market?
2. What is the relationship between the dimensions of competitive strategies and market leadership in Safaricom Ethiopia?
3. What are the most effective strategies that Safaricom Ethiopia should employ for optimal performance?

4. What are the challenges faced by Safaricom Ethiopia in implementing competitive strategies to attain market leadership in the Ethiopian market?
5. Do the selected dimensions of competitive strategies have a significant relationship with the overall market leadership of Safaricom Ethiopia?
6. Does government policy and regulation have mediating role between competitive strategies and market leadership?

## **1.5. Research Objectives**

### **1.5.1. General Objective**

The overall objective of the study is to identify and examine the competitive strategies used by Safaricom Ethiopia to achieve market leadership and empirically test a framework identifying the relationships between competitive strategies and market leadership with special emphasis on the case company.

### **1.5.2. Specific Objectives**

- To examine the relationship between dimensions of competitive strategies with overall market leadership in Safaricom Ethiopia.
- Identify the competitive strategies used by Safaricom Ethiopia to achieve market leadership in the Ethiopian market.
- Identify challenges facing the company in implementing competitive strategies to achieve market leadership in Ethiopia.
- To analyze the best strategies that should be employed by Safaricom Ethiopia.
- To evaluate the mediating role of government policy and regulation between competitive strategy and market leadership.

## **1.6. Significance of the Study**

Investigating the practices of competitive strategies which have a relation with Market leadership important in this complex and dynamic business world is believed to have the following important to the academicians, researchers, corporate managers, policymakers; and generally, business practitioners, and specifically, for the case company.

Specifically, this study has the following main significances:

- Help to better understand the processes of competitive strategies and practices related to the Company under consideration.
- Help to identify which competitive strategies practice (s) are more contributing to the success of the organization.
- Use it to provide insights into the role of regulation and policy in promoting competition and innovation in emerging markets.
- Contribute to narrowing the gap in the literature on the generalization of the causal relationship between competitive strategies practices and market leadership.
- Help future researchers who are willing to conduct a study on this topic.

### **1.7. Scope of the Study**

The population for this study was a selected number of managers in the marketing, technology, strategy and planning, administration, human resource, and finance departments at Safaricom Ethiopia's main branch who had been making the key decisions about the strategies currently being utilized and those to be adopted.

### **1.8. Organization of the Paper**

This thesis was organized into five chapters: Chapter one contained the introduction part that dealt with the background of the study, the research problem, the objectives of the study, the scope and significance of the study, and the limitations of the study. The second chapter discussed the literature review of the subject matter. In chapter three, the research methodologies were presented. Chapter Four presented the results and discussion of the study. Finally, the fifth chapter concluded the thesis by summarizing the findings, discussing their implications, and providing recommendations for future research.

### **1.9 Definition of Terms**

#### **Competitive Strategy**

According to (BK Hitt et al, 2019), a competitive strategy is a broad-based formula for how a business is going to compete, what its goals should be, and what policies will be needed to carry

out those goals. It is a plan that outlines how a company will create and sustain a competitive advantage over its rivals in the marketplace.

### **Market Leadership**

Market leadership denotes the position of a company that has the highest profitability or largest market share for its services or products in an industry in which it exists (Ndambuki, 2016).

### **Cost Leadership Strategy**

According to (Baack & Boggs, 2008) cost leadership strategy refers to the establishment of a competitive advantage by having the lowest cost of operations in the sector which is driven by company size, efficiency, scale, scope, and cumulative experience.

### **Differentiation Strategy**

Differentiation strategy refers to the strategy that aims at distinguishing products or services, from other similar services or products that are offered by the competitors in the same industry. The strategy entails the development of unique products or services that are unique for customers in terms of product features, design, quality brand image, and customer service delivery (Teeratansirikool et al, 2013).

### **Focus Strategy**

Powers and Lahn (2004) define focus strategy as a marketing strategy where by a firm concentrates its organizational resources on entering or expanding in a narrow market or industry segment. The strategy is usually used when the firm knows its segment and has a product to competitively satisfy its needs.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1. Introduction**

This section covers the theoretical and empirical framework for the study. A review of the literature available on competitive strategy, market leadership, and the factors leading to the successful implementation of competitive strategies. The section also looks at the challenges faced by organizations in implementing competitive strategies.

#### **2.2. Concept of Strategy**

The direction and scope of an organization over the long term, which achieves advantage in changing environment through its configuration of resources and competence with the aim of fulfilling stakeholder expectations. business-level strategy, which is about how to compete successfully in particular markets or how to provide the best value services in public services. This concerns which products or services should be developed in which markets and how advantage over competitors can be achieved to achieve the objectives of the organization perhaps long-term profitability or market share growth (Johnson Scholes, 2005). The balance of choices and actions between an organization's internal resources and its external environment is referred to as its strategy. Strategy can therefore be viewed as a plan, play, pattern, position, and perspective (Mintzberg *et al*, 2009).

Porter (1998) describes the competitive strategy formulation principle as being fundamental to an organization's environment. Therefore, organizations create strategies to help them maintain their competitiveness in the market. This is accomplished by locating a place in the market where the business can best protect itself from competing pressures or sway them in its favor.

#### **2.3. Competitive Strategy**

competitive strategy refers to how a company competes in a particular business (Collis, 2019). Competitive strategies, from the perspective of (Ayaga & Nnabuko, 2019), can result in good organizational performance, customer satisfaction, and greater competitiveness in the face of other

competing enterprises. However, in a competitive environment, gaining a competitive advantage and growing market share is very difficult in several ways since firms must operate with distinctive concepts and traits to continuously adapt to change. Businesses today operate in a customer- and market-driven environment. A company needs to be flexible, adaptable, and above all, offer outstanding customer service if it wants to succeed. Although enterprises in the same industry can frequently have comparable operational procedures, it is the "people part," or the interaction with the specific consumer, where a business distinguishes itself from a rival. The needs of the customers must come first for a company to be considered customer-oriented.

A company's competitive strategy focuses on how to compete in the industries in which it does business. In other words, competitive strategy refers to the plan for how the company will gain and keep a competitive edge over rivals. Being more lucrative than rivals over the long run is the definition of having a competitive edge. Two aspects of a company's competitive strategy within a particular industry are looked at: the development of the competitive advantage and the maintenance of the competitive advantage. A proactive or reactive competitive strategy is said to produce a competitive advantage (Chiesa & Bertelè , 2001). The two sorts of proactive tactics are (a) performance enhancement (competitive strategy for the same game); and (b) game rule modification (competitive strategy for a new game). Finally, some alternative competitive strategies are looked at A completely new (nonexistent) business area could be created, the geographic extent of the business area could be expanded (cross-market competitive strategy), and the business itself could be expanded (cross-business competitive strategy) (Chiesa & Bertelè , 2001).

Porter (2004) defined competing strategies as a two-dimensional phenomenon with a supply side and a demand side, or strategic scope and strength, respectively. Later, he simplified the plan into three general tactics: "overall cost leadership," "differentiation," and "focuses". (Johnson & Scholes, 2008) On the other hand, perceive competitive strategies from a business-level perspective and believe that it is the achievement of competitive advantage by a business unit in its particular market. They advocate for a hybrid strategy that provides a market-facing element to Porter's model in the form of price as a new dimension and its combination with differentiation.

Sidorowicz (2007) However, declares that competitive strategies are more skill-based and involve the art of war, strategic thinking, invention, execution, and critical thinking. (Drucker, 2008) notes

that management is primarily concerned with the ongoing development of the company and its personnel.

## **2.4. The Effect of Competitive Strategy on Firm Performance**

Numerous studies relate the implementation of Porter's generic strategy with company performance (Banker et al., 2014).

Previous research finds a significant relationship between the cost leadership approach and company performance (Kiprotich et al., 2018). As a result of making, it is more difficult for competitors to duplicate a firm's success and s, differentiation strategy according to (Knight et al. , 2020). Differentiation gives a company a sustained competitive edge going ahead. Additionally, differentiation helps a company's brand positioning (Della & Araibi, 2016). Additionally, (Akintokunbo, 2018) makes a case for focus strategy in his research by stating that focus strategy greatly affects organizational profitability, market share, and business efficiency.

Many studies indicate that organizations without a clear strategy are classified as being caught in the middle and may have certain challenges in gaining a competitive advantage, even though the effectiveness and applicability of the strategy are contested and remain a fascinating issue to explore (Brenes et al., 2014).

## **2.5. Corporate Growth Strategies**

Ansoff (2012) expressed a matrix that highlighted the company's current and potential products, markets, and customers. There are four different product-market pairings when taking into account strategies to expand via current products and new products, as well as in existing markets and new markets. Four distinct growth strategies are offered by Ansoff's matrix: Market Penetration - the firm seeks to achieve growth with existing products in its current market segments, aiming to increase its market share, market development - the firm seeks growth by targeting its existing products to new market segments, product development - the firms develop new products targeted to its existing market segments and diversification - the firm grows by diversifying into new businesses by developing new products for new markets.

### **2.5.1. Market Penetration**

In a market penetration strategy, the company looks to expand in existing areas by utilizing its current offers (products and services). To put it another way, it aims to grow its market share within the current market sector. This is accomplished through expanding sales of goods and services to current clients or by attracting new clients within already established markets. The company's goal in this situation is to improve sales of its current items in its current markets through more aggressive distribution and promotion. This can be done by (i) lowering prices, (ii) increasing promotion and distribution support, (iii) acquiring a competitor in the same market, and (iv) making minor product improvements.

### **2.6 Factors Leading to A Successful Competitive Strategy**

Markgraf (2016) describes the goal of a company's competitive strategy as the delivery of a clear advantage position in the market where it is present. However, because the market environment is always changing, the company must be aware of the elements that influence its strategy to monitor the important components and modify its operations to seize any opportunities that might come up (Mathis et al., 2016). Porter postulated that the elements of industry structure are the buyer's strength, supplier strength, the threat of new entrants, and the availability of substitutes. He further noted that as the market position changes as influenced by the actions of competitors, organizations have to keep adjusting their strategy to ensure that it remains profitable by continuously delivering on their competitive advantage touch points. In organizations where the competitive advantage is pegged on the suppliers, the firm must constantly monitor the changes in the behavior of such a supplier to adjust its strategy to emphasize different competitive advantages (Porter, 2004).

Long-term business success requires both high-quality goods and services and adaptable organizational structures from organizations. These are essential ingredients for the reliable creation and provision of high-quality goods and services (Khoza, 2022). Some strategies for gaining a competitive edge are more flexible than others. A business that uses its products to pursue a competitive strategy may be surpassed by one that makes technology investments that enable it to develop products with innovative features and at comparatively lower prices. Therefore, when it comes to competitive strategy, rival behavior is a key consideration. Therefore, businesses that want to maintain their competitive advantage need to keep a keen eye on both current competitors and potential newcomers (Markgraf, 2006). Therefore, Companies that don't adopt technological

innovation have faced tough competition and sometimes even remained irrelevant. Information technology plays a critical role in enabling organizations to remain competitive in the current dynamic market climate.

FU & Zhang (2012) asserts that managerial skills and competencies play a significant role in an organization's ability to compete in a certain sector. The ability to communicate the organization's strategic vision and cascade it to the whole team charged with achieving the vision is known as management capability. It also emphasizes the leadership group's capacity to create an atmosphere that promotes goal achievement. Organizations with a leadership team are leading in the achievement of a firm's competitive strategy (Molina, et al., 2004).

To generalize the above authors thought all managerial skills and organizational strategies taken by the company ultimately lead to improving organizational performance.

## **2.7. Challenges of Implementing Competitive Strategies**

Niclas (2014) describes the period following planning as the strategy process of any organization's greatest hurdle. Many businesses spend a lot of time and money developing their strategies, but they don't closely manage the process of putting those strategies into action. This ultimately led to very low rates of the strategy's success.

Teams representing all of an organization's major functions should be included in the formulation stage of any plan to guarantee its success, and to establish credibility and buy-in from their reporting work units, the participants should also influence their colleagues in the organization. This involvement is essential to ensuring that all teams are on the same page and understand their role in putting the strategy into action. (Hrebiniak & Joyce, 2005). It also makes sure that individuals recognize the significance of the suggested adjustment. The success of the implementation of the plan should be ensured by including individuals from various functions. Consensus must be reached in the interpretation of the strategy because strategies are implemented by various teams, each of which may understand the strategy differently. Strategic planning helps teams within an organization and its management gains a solid knowledge of the business case for the selected strategy as well as the necessity of change to meet established objectives. However, those who are not a part of the formulation process could find it challenging to relate to the objectives specified by the formulators (Zook & Allen, 2001).

The organizational structure of a corporation may make it challenging to implement its competitive strategies. The managerial environment must support the firm's ideal operations. People are an organization's most valuable strategic resource, so it is imperative that they utilize their knowledge effectively and at the right times (Lorange, 1998).

Olson et al., (2005), explain how crucial it is for everyone in a company to understand their part in achieving the organization's strategic goals as well as the objectives that must be met. Organizations frequently adopt strategies that depend heavily on cooperation and collaboration to succeed, but they neglect to pay attention to the internal procedures and reward structures required to make sure such activities are successful. As members make individual efforts to align with the previous strategic direction rather than the newly declared strategy, failure to match management procedures and structures with the new strategic direction established typically leads to a blocked implementation effort (Zook & Allen, 2001). (Yang et al., 2010) Observe that ineffective vertical communication prevents the implementation of effective strategies.

Therefore, it is noted that to achieve success in strategy implementation, it is important to involve people from different teams. Effective communication plays a crucial role in identifying key elements for success and achieving objectives. Additionally, teamwork is essential for achieving success in strategy implementation.

## **2.8. Theoretical Perspective**

Several theories have been suggested that influence the behavior of companies in pursuit of a competitive strategy. In view of the fact that other factors than direct competitors have an impact on business performance, Porters draw up five competitive forces which shape strategy. The innovative profit theory, as proposed by Joseph Schumpeter, talks about how companies are adopting measures that reduce production costs and increase demand for their products. Game theory is applicable to a variety of industries, including businesses that compete with one another. It examines how players behave in relation to how they react to a series of actions taken by either player (Porter, 1998).

### **2.8.1 Porter Generic Strategy**

According to (Porter, 1998), the company can use one of three strategies in an effort to surpass its competition. They are cost leadership strategy, distinctiveness, and focus. For any of those goals

to be successful, the company must fully support them and make coordinated preparations. In simple terms, a business with a cost leadership strategy aims to provide its customers with low-priced products (Valipour, Birjandi & Honarbakhsh, 2012). In order to obtain a lower cost of goods or service than its competition, a company that chooses to pursue a cost leadership strategy must employ technology and conduct its operations as efficiently as possible with all available resources (Sukmawati et al., 2021).

Lower customer loyalty could be a drawback of a cost leadership strategy since price-sensitive clients are likely to switch whenever a less expensive alternative becomes available. If a company chooses to switch to a differentiation strategy in the future, it may find it challenging to rebrand itself or its products due to a reputation for low quality that comes from being a cost leader. (Gamble, 2010).

### **Differentiation**

Meanwhile, differentiation is a strategy that businesses use to distinguish a product from similar offerings on the market and focuses on the cost value of the product versus other similar products on the market (Karama & Linge , 2019). Differentiation strategy allows the firm to charge premium prices to capture market share by tailoring their product or service unique compared to their competitor. A differentiation strategy is best implemented when a company can provide unique or superior value to customers through product, quality, feature, or after-sale programs (Liu& Gima, 2018).

### **Focus**

What sets focused strategy apart from the other two generic strategies is that focus strategy concentrates its attention on a small part of the total market share. The target segment, or niche, can be in the form of a geographical segment, customer segment, or product segment (Bergek et al., 2018). A company that pursues a focus strategy will likely aim at growing market share in a niche market or market that either is not exciting or overlooked by competitors. Focus strategy is suitable to be applied to a narrow segment and within that segment attempt to achieve either cost leadership or differentiation (Akintokunbo, 2018). One of the key elements to survive in this competitive market is quality (Nugroho & Nurcahyo, 2018). Differentiation is attained if the products/ services provided by the firm are completely different from what other firms are

providing. The key factor for developing differentiation as an effective strategy method is identifying what exactly will make a particular firm's product unique from the rest, this may be through; enhancing the quality of service, boosting the image of the firm, graphical reach, involvement in client organizations, product, enhanced delivery system, and the marketing approach have been suggested to differentiate a firm (Davidson, 2001).

Companies may choose to pursue one of the three generic strategies or more than one depending on the organizational arrangements and systems. Commonly, Larger firms with greater access to resources will compete on a cost leadership or differentiation strategy, whereas smaller firms may compete on a focus strategy (David, 2011).

### **2.8.2. Innovation Profit Theory**

Innovation profit theory which is a part of compensatory profit theories describes the above-normal profits that arise following successful invention or modernization (Hyginus& Maria, 2018). This theory revolves around the products a company offers and infers that organizations that produce highly differentiated goods and services tend to make above-normal profits. Such compensatory profit theory describes the above-normal rates of return that reward a firm for extraordinary success in meeting customer needs, maintaining efficient operations, and so forth. Innovation is divided into two categories. The first type is those innovations that aim at reducing costs and the second category is those innovations aimed at creating demand. Costs can be reduced extensively by re-inventing the value chain and improving its efficiency. Demand for products on the other hand can be created through differentiation, customer service, increasing market share etc. Thus, Profits are realized due to successful innovations where the cost falls below the prevailing price of the product or the entrepreneur can sell more and at a better price than before. The profits in this case apply as long as the innovation is exclusive to the firm. Once other players manage to copy, then the profits start dwindling (Schumpeter, 2021).

### **2.8.3 Resource-Based Theory**

The resource-based view (RBV) focuses on the application of an organization's resources as a basis for the competitive advantage of a firm. These resources may be tangible or intangible in nature but are applied in a sustained manner to generate competitiveness in the firm (Ibrahim, & Zayed, 2018).

Similarly, as (Nason, & Wiklund, 2018) explain, the resource-based view model provides a theoretical foundation on which an understanding of a firm's superiority can be built. It also contributes to more knowledge in the areas of management practice. The resource-based theory explores the attributes of strategic market factors, form resources, organization culture, trust, and information technology as sources for the competitive advantage of organizations. According to resource-based theory, there are four main indicators for the ability of a firm's resources to generate a sustained competitive advantage. These are value, rareness, imitability, and substitutability. (Lado & Wilson, 2000) explores the role of human resource systems in facilitating or inhibiting the growth of an organization's key competencies. The competencies, identified as transformational, input-based, output based, and managerial are viewed as the key contributors to the competitive advantage of a firm. The resource-based theory identifies the resources and capabilities of a firm as the primary building blocks for establishing an organization's strategy and identifying its sources of profitability.

#### **2.8.4 Open Systems Theory**

Bastedo (2004) theorized the open systems theory as a concept whereby organizations are strongly influenced by the environments in which they exist. The environment is made up of an ecosystem where many other similar and different organizations coexist while exerting various forces of an economic, political, or social nature. The interaction of the organizations in this environment then results in the production of key resources that enable organizations to be sustained or to change to survive. An open systems approach to management considers all organizations as open systems which are influenced by the environment in which they exist (Grant, 2001).

#### **2.9. Market Leadership**

In contemporary business conditions characterized by extreme volatility, uncertainty, dynamism, and intense competition the question of market leadership has been a subject of great interest to organizations and researchers alike. Nowadays, market leadership is perhaps the most critical challenge in today's business environment. The company can dominate and shape its business system. Market leadership has long been recognized as the sought-after source of business power and profitability (Rimita, 2019).

Market leadership is the process of identifying and creating attractive, profitable market opportunities and developing the market plan that will lead the company to capture a dominant and profitable share of the market (Ryans, 2000).

Market leadership denotes the position of a company that has the highest profitability or largest market share for its services or products in an industry in which it exists. This is measured either by analyzing the volume of goods sold, turnover in terms of service rendered, or the value of the goods. Organizations intending to achieve market leadership own or control relevant technologies in their area of operation, act fast in implementing the technologies and create products, and aim to make them industry standards (Kotelnikovs, 2004).

The concept of market leadership is multidimensional. Three dimensions are identified that characterize market leadership: dominant position in the market; global reach and innovativeness in products or processes (Malerba, 2017).

In the majority of industries, there is one firm that is generally recognized to be the market leader. It typically has the largest market share and, by its pricing, advertising intensity, distribution coverage, technological advance, and rate of new product introductions, it determines the nature, pace, and bases of competition. It is this dominance that typically provides the benchmark for other companies in the industry. However, it needs to be emphasized that market leadership, although often associated with size, is in reality a more complex concept and should instead be seen in terms of an organization's ability to determine the nature and bases of competition within the market.

There are three categories of market leaders:

- 1) **Customer insight leaders** – companies that optimize data analysis, and transform it into something

Useful, and create measurable value.

- 2) **Digital channel leaders** – companies that use new methods of creating value through customer interactions and new products, services, and business models in an always-on digital world.
- 3) **New era leaders** – companies that incorporate the best practices of each ( Baird & Wertz, 2011).

The strategies of market leaders must be comprised of the following objectives: to establish the company's desired position; to assess the industry structure, market forces, and competitors; to develop a plan for achieving the desired position. At the same time, market leaders must articulate a strategic direction so all employees are on the same page in helping the company achieve its goals. A good business strategy must sound convincing and inspire people to help the company move into the future (Parniangtong, 2017).

Generally, market leadership is a highly sought-after position in any industry as it denotes a company's ability to outperform its competitors and dominate the market. Market leaders can set industry standards and shape the direction of the market through their pricing strategies, advertising campaigns, and product innovations. However, maintaining market leadership requires continuous investment in research and development, marketing, and operational efficiency to stay ahead of competitors.

## **2.10. Market Leadership in Telecommunications**

Oteri (2015), conducted a study in Kenya and his findings showed that one of the surest strategies and methods to increase market share is acquiring a competitor. By doing so, a company accomplishes two things. It taps into the newly acquired firm's existing customer base, and it reduces the number of firms fighting for a slice of the same pie by one. Also, diversification of the services was found to be among other factors that played dynamics in market share among Safaricom, Telkom Kenya, Airtel, and Equites, then mobile operators. The outlook of the communication sector in Kenya continues to be strong and growth achieved Through gaining new customers, offering new services, and in general capitalizing on the growing role of telecommunications in people's everyday lives. The mobile sector in the country continues to grow increasingly competitive with a variation in market share among telecommunication providers. Kenya's telecommunication market share has experienced variation over time since the establishment of mobile communications in Kenya.

## **2.11. Organization Performance**

Otto et al., (2019) define performance as a multi-dimensional construct, the measurement of which varies depending on a variety of factors. (Armstrong, 2009) on the other hand, indicates performance as both behavior and results and emphasizes that both behavior (input) and results (output) need to be considered when managing performance. The most widely pursued corporate

directional strategies are those designed to achieve growth in sales, assets, and profits companies that do business in expanding industries must grow to survive. Continuing growth means increasing sales and a chance to take advantage of the experience curve to reduce the cost of products sold (Hunger & Wheelen , 2019).

## **2.12. Government Policies**

The government policies shape and dictate the internal policies of a company, hence determining their functionality level within their particular industry (Mwangi, 2021). Airtel Kenya Ltd is affected by the government policies in such a way that it determines the degree of its performance, therefore, affecting its attrition rate. The telecommunications industry delivers a wide variety of services to companies and Customers, using an ever-expanding range of technologies and communications media such as audio, image, and data. Furthermore, some systems, such as local fixed voice telephony, remain overwhelmingly monopolistic in the vast majority of countries, while others, such as value-added services, have been widely competitive for decades (Tuan, 2019)

## **2.13. Empirical Review of the Study**

Certain previous researchers have devoted a deal of attention to the relationship between competitive strategy and certain aspects of market leadership from different perspectives or dimensions of the overall competitive strategy. Some of these research findings are discussed as follows.

Kasyoka (2011), researched the use of strategic positioning to achieve a sustainable competitive advantage at Safaricom Kenya Limited. In his findings, Kasyoka concludes that the use of cutting-edge technology was a strong driver of the company's sustainable competitive advantage. He identifies the role of cost leadership in achieving sustainable competitive advantage as an area of further research.

The Influence of Innovation, Cost Leadership Strategy, and Customer Orientation on Competitive Advantage and Its Impact on Customer Satisfaction, researched (Hudson, 2016), conducted a study by collecting data from 49 organizations and concluded that innovation, cost leadership strategy, and customer orientation have a positive and significant impact on competitive advantage. Similarly, competitive advantage, innovation, and cost leadership strategies have a positive and

significant impact on customer satisfaction. But customer orientation has no significant effect on customer satisfaction.

Meru (2015), researched the title Influence of competitive strategies on market share at Safaricom Kenya Limited. The study found that the adoption of modern technologies enabled Safaricom to achieve integration that created a platform to easily interact with their customers

Research on strategies implemented by mobile companies in Kenya to gain competitive advantage, found that focus alone is normally not enough on its own. Whether the firm chooses cost-focus or differentiation-focus, the key to being successful in this strategy is to ensure that “something extra” is being added as the company serves only that market niche. It is not sufficient for a company to focus on only one market segment because the firm is too small to serve a broader market as this would risk competing against well-resourced broad-market firms’ offerings. The firm must add “something extra” which contributes to reducing cost or contribute towards increased differentiation through a deep understanding of customer needs (Njeru, 2014).

Islami et al, (2020) assess the connection between generic strategies by porters and company performances within Kosovo. Among the variables considered were low-cost strategy, focus differentiation, focus cost, and differentiation strategies on performances within firms. The research targeted 113 firms operating in the Republic of Kosovo. Data were analyzed through Pearson’s correlation analysis and multivariate regression analysis. Focus differentiation strategy had an important and positive effect on organizational performance. Gaps are clear as most studies have a foreign orientation leaving scanty local empirical evidence on the subject matter.

Ahmed et al, (2021) outline, under the titling "Effects of Generic Strategies on Competitive Advantage in The Telecommunication Industry in Kenya: A Case of Safaricom Limited," the implementation of a differentiation strategy can improve quality management practices within an organization, which is important for satisfying consumers. The author also concludes that a differentiation strategy is crucial for effective product positioning in the marketplace and can drive innovation within a company by encouraging employees to create unique products that stand out from the competition. Also, the study suggests that implementing a focus strategy is important for creating specialization within a company to address specific needs in the market. The author concludes that a focus strategy can also improve a company's market share by concentrating on a

particular niche market instead of trying to cater to various market segments. The study by Ahmed suggests that in the telecommunications industry in Kenya, Safaricom should focus on cost management practices across its product and service offerings to gain a competitive advantage. The author recommends that this will establish Safaricom as the market leader and help the company fend off threats posed by new entrants into the market.

Kiragu ( 2011 ) researches the ideas of "The Effect of Multiple Competitive Strategies at Airtel Kenya Limited," and it shows that the effect of having multiple competitive strategies in Airtel Kenya has had an impact on the competition being placed in the company. This comes out clearly as the company has been changing its competitive strategies, especially within a short while before a new one has been installed and implemented. Kiragu also finds that the competition in the industry is very stiff; this is because their main rival has a bigger market share, leading to the company driving down the affordability of the product for the users. The change of management, especially the manager not being in position for a long time, has led to the company not having a one-off strategy that the company will have to stick to due to their managers being young and hence dynamic. We can also attest that this has led to the company not being able to stick to one strategy and develop it.

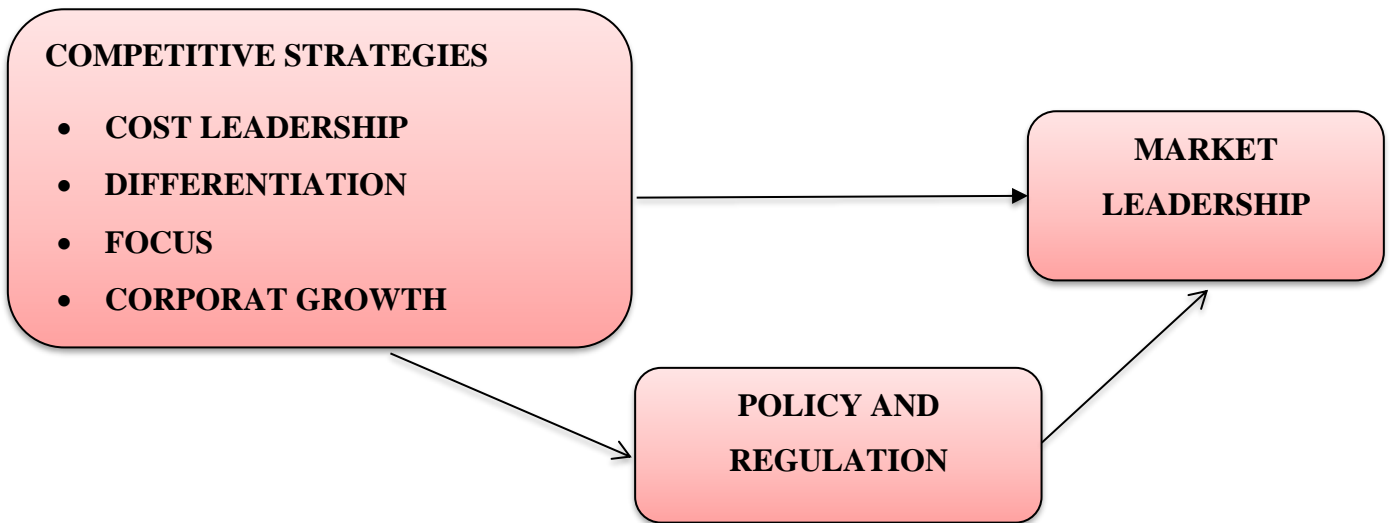
## **2.14. Summary of Literature and Knowledge Gap**

This chapter provides a theoretical framework for studying competitive strategy, market leadership, and the successful implementation of competitive strategies. It explores the concept of strategy and how it affects an organization's direction and scope over the long term. The section also discusses the challenges organizations face in implementing competitive strategies, such as gaining a competitive advantage and growing market share. Finally, the section examines the effect of generic strategy on firm performance, with previous research finding a significant relationship between the cost leadership approach and company performance.

Based on my research, there seems to be a significant knowledge gap on the topic of the competitive strategy adopted by Safaricom Ethiopia to attain market leadership in the Ethiopian telecom market. While there is information available on Safaricom's entry into the Ethiopian market, there is a lack of literature specifically on its strategy to become a market leader.

Moreover, there is a scarcity of research exploring the competitive landscape and challenges in the Ethiopian telecom market, which further highlights a knowledge gap in the area. It is necessary to have more studies focused on Safaricom Ethiopia's competitive strategy from a strategic management perspective, including factors such as market entry, pricing, promotion, and distribution, to provide insights into their approach to market leadership.

## 2.15. Conceptual Framework



*Source: Own Construction*

**Figure 2.1: Conceptual Framework**

Based on the framework, it can be hypothesized that:

H1: There is a positive relationship between differentiation strategies and market leadership.

H2: There is a positive relationship between focus strategies and market leadership.

H3: There is a positive relationship between cost leadership strategies and market leadership.

H4: There is a positive relationship between corporate growth and market leadership.

H5: Government regulation and policy mediates the relationship between competitive strategies and market leadership

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter outlines the research design, data collection, and method used for data analysis. A selected number of respondents with key knowledge of the company's strategies were used as primary data sources for the data collection phase. Data was collected through interviews and a self-administered questionnaire distributed to the employees of the telecommunication firms. In analyzing the quantitative data, the study used descriptive statistics using Statistical Package for Social Sciences (Version 23). Measures of central tendency (mean), measures of dispersion (standard deviation), frequencies, and percentages were applied for the quantitative variables (Kothari, 2004). The multiple regression analysis and t-test were used to determine the significance of each independent variable in affecting the performance of Safaricom Ethiopia.

#### **3.2. Research Design**

According to (Bougie & Sekaran, 2019), research design refers to the overall strategy that you choose to integrate the different components of the study coherently and logically. This enables the researcher to address the research problem effectively. Research design constitutes the blueprint for the collection, measurement, and analysis of the data. The research problem determines the type of design. Research design is also the means and how the research is conducted or to be undertaken. Mainly, the design provides the overall plan, structure, and timing.

The study adopted a descriptive-explanatory design which combines descriptive and explanatory designs. Descriptive design is appropriate in describing the characteristics of a given entity/population or phenomenon and ascertaining the status and nature of managing a company. Descriptive design enables a researcher to gather, summarize, present, and interpret information for purposes of clarification. On the other hand, explanatory design is useful in establishing causal relationships between the independent and dependent variables. The design is useful in explaining the effect of competitive strategy on market leadership (Saunders, Lewis & Thornhill, 2015).

### 3.3. Target Population and Sampling Design

#### 3.3.1 Target Population

According to (Joseph & Elejo, 2019) a population is defined as a full set of cases from which a sample is taken. They also define a population as a group of people or objects that are similar in one or more ways and that form the subject of a study in a particular way. On the other hand, the population is defined as the total collection of all the elements from which the study would like to infer. The target population of this study was selected from Safaricom Ethiopia, specifically the employees or management in seven divisions.

#### 3.3.2 Sampling Technique

There are two basic sampling techniques which are probability and non-probability sampling. For this study, the non-Probability sampling technique was used. Accordingly, stratified sampling and purposive sampling was employed for the study since the population is stratified into strata based on vital characteristics, and departments. Stratified random sampling is defined as a two-step process in which the population is partitioned into subgroups or strata. Stratified sampling is the best to use in this study since it can provide greater precision, and often requires a smaller sample, which saves money, and time and guards against an unrepresentative population. It is better to take a census but the researcher selected the sample due to the nature of the respondent's work and their busy schedule to collect questionnaires and for interview.

#### 3.3.3 Sample Size

According to (Cooper and Schindler, 2006), a sample size is defined as a smaller set of the larger population. Several approaches are available for sample size determination and include a census for a small population; the use of a similar sample size for a similar study; the use of published tables or a statistical approach by computing the sample size based on statistical formulas. The study used (Yamane's, 1967) formula to calculate sample sizes at a 95% confidence level.

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

Where n=sample size, N=population size, and e=the error of sampling.

$$\text{Hence } n = \frac{116}{1 + 116(0.05)^2}$$

=93

**Table 3-1: Population Distribution**

	Type of respondents	Population size	Sample selected	Sampling method	Response obtained	Response Rate (%)
	Safaricom employee					
1	Administration	6	4	SRS	2	50%
2	Marketing	28	20	SRS	18	90%
3	Human resource	12	10	SRS	7	70%
4	Strategy and planning	23	17	SRS	15	88.2%
5	Technology	31	25	SRS	25	100%
6	Research and Design	4	2	SRS	2	100%
7	Finance	12	9	SRS	6	66.6%
	Total	116	93		54	58%

(Source: researcher compilation)

The total sample size selected for this research was 93. However, these 93 samples were accessed and hand-delivered questionnaires were distributed to these accessed selected samples, 39 weren't accessed to collect due to annual leave, getting out of the country for training and sick leave. From these 93 distributed questionnaires 54 questionnaires were filled and returned. This shows that there is 58% response rate. Therefore, a 58 % response rate is considered satisfactory to make data analysis for this study.

### **3.4. Data Sources and Types**

The researcher used the primary and secondary data to better analyze the study. A general questionnaire was used to gather the required information regarding the study it was adopted from the work of (Ndambuki, 2016) and modified to this research perspective. Additionally, from a sample of respondents, information gathered through interviews and questionnaires was used as primary data, while text references were used as secondary sources.

### **3.5. Data Collection Procedures**

Closed-ended questionnaires on a 5-point Likert scale were analyzed. With a numeric value of 1 to 5, respectively. The data gathered through questionnaires was simple and clear to analyze, and it allowed for the tabulation of responses and quantitative analysis of certain factors. Qualitative analysis is used to collect data through direct interviews. The approach was based on physical one-on-one conversations that aimed to collect relevant information to answer the research question. The interview technique was chosen because interviews are particularly useful for getting the story behind a participant's experiences, and the interviewer could pursue in-depth information about the topic under study. Furthermore, it is time-efficient for both the respondents and the researcher.

There are two data sources, namely, primary and secondary sources. In this study, primary and secondary data were used for questionnaires and interviews. Questionnaires are designed in such a way that they include all the relevant sections and information to inform the respondents. The questionnaire contains various aspects related to different dimensions of competitive strategy and their impact on the market leadership of Safaricom Ethiopia.

### **3.6. Data Analysis**

Closed-ended questionnaires were analyzed for quantitative methods interpreted by using quantitative techniques, and open-ended were analyzed by synthesizing the data.

#### **3.6.1. Quantitative**

The information acquired through the questions was first checked for completeness. The questionnaires found appropriately filled and fit for analysis were coded and all the data entered into the statistics package social science (SPSSv23) was also analyzed using descriptive statistics and inferential statics. Closed-ended questionnaires were analyzed for quantitative data by using descriptive method (mean, frequency), and inferential method (correlation, and regression analysis technique) to show the effect of independent variables on the dependent variable by using SPSS version 23 software.

#### **Model Analysis**

The regression model specification for the analysis of the contribution of competitive strategies to attain market leadership.

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where: Y is the response or dependent variable- market leadership

X1 == Cost Leadership,

X2 =Differentiation,

X3 = corporate growth

X4 = Focus

$\beta_0$  is the intercept term- constant which would be equal to the mean if all slope coefficients are 0.

$\beta_1$ ,  $\beta_2$ ,  $\beta_3$ , and  $\beta_4$ , are the coefficients associated with each independent.

$\varepsilon$  = error term

### **3.6.2 Qualitative Data Analysis**

Data analysis is a process of bringing order, structure, and interpretation of mass-collected data (Marshall & Rossman, 2010).The data gathered was highly qualitative in nature and was systematically organized in a manner to facilitate analysis using the thematic analysis technique.

### **3.7. Validity and Reliability**

Cronbach's alpha is generally used as an instrument or measure of the internal consistency or reliability of a given concept. It is an indication of how well a set of items measures the same concept. The constructs in the study should all measure the same thing, so they should be correlated with one another.

#### **3.7.1. Validity**

To achieve validity, it has included a variety of questions on the knowledge of respondents. Questions were based on information gathered during the literature review to ensure that they were representative. Content validity will be further ensured by consistency in administering the questionnaires. All questionnaires were distributed to subjects personally by the researcher. The questions were formulated in simple language for clarity and ease of understanding, and clear instructions were given to the subjects.

All the subjects completed the questionnaires in the presence of the researcher. This was done to prevent subjects from giving questionnaires to others to complete on their behalf.

### 3.7.2 Reliability

As multiple items in all constructs, this study will use internal consistency (reliability of cost leadership, differentiation, and focus and corporate growth will be assessed with Cronbach’s alpha.

**Table 3.2: Alpha Cronbach value**

Alpha Cronbach value	Interpretation
0.91-1.00	Excellent
0.81-0.90	Good
0.71-0.80	Good and Acceptable
0.61-0.70	Acceptable
0.01-0.60	Non –acceptable

Source: konting et al.(2009)

**Table 3.3: Reliability of Competitive Strategies**

VARIABLE	RELIABILITY	No. of items	Result
Cost leadership	.733	5	Good and acceptable
Differentiation	.739	11	Good and acceptable
Corporate growth	.754	5	Good and acceptable
Focus	.709	5	Good and acceptable
Policy and Regulation	.830	5	Good
Market leadership	.851	5	Good

Source: Own Survey 2023

The above table shows the reliability test for the dependent variables of market leadership and the construct for competitive strategies (cost, differentiation, corporate growth, focus, government rule and regulation, and market leadership) the internal consistency test for cost leadership Consisted of five questions and the result is .733 representing 73.3 scales reliably. The test result for differentiation consisting of 11 questions is 0.739 indicating that 73.9 % Reliable. The reliability test result for corporate growth is 0.754 was indicating that 75.4% Reliable. The reliability test result for focus s was indicating that it 70.9% Reliable This result is considered high according to

the alpha coefficient range, and thus the researcher concludes that the questions of competitive strategies and market leadership dimensions are acceptable. Thus, all explanatory variables are within a reliable and acceptable range of Cronbach 's alpha coefficient. Based on the examination of the research scales and constructs, it can be concluded that each variable represents a reliable construct.

### **3.8. Ethical Consideration**

Respondents were approached and informed about the intent of the research. Furthermore, the respondents were informed that their responses would be kept confidential and would be used for academic purposes only, in verbal communication and writing. After getting the consent of the respondents, they were provided with a self-administered questionnaire designed for this study, so that they completed and returned it. The researcher did not force customers to participate without their consent.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

#### **4.1. Introduction**

As discussed in the previous chapter this study attempted to Analysis of competitive strategy adopted by Safaricom Ethiopia. Therefore, the finding of this study is presented and discussed in this chapter.

The study used both descriptive and inferential statistical methods in the data analysis. Means and standard deviations were also used as measures of central tendencies and dispersions, respectively. Regression and correlation analysis, specifically Pearson correlation, to measure the degree of association between different variables are under consideration. Regression analysis was also used to test the effect of independent variables on the dependent variable.

It is presented and analyzed using tables, figures, and graphs. The data was collected from different groups. The questionnaire was developed on five scales ranging from five to one (5–1). In addition to this, to evaluate the relationship between market leadership and cost leadership, differentiation, focus, and corporate growth regression analysis was conducted for the scale-type questionnaire. A total of 93 questionnaires were distributed to employees in management positions, and 58% of the 54 questionnaires obtained were valid and used for analysis. Data was collected and analyzed using SPSS statistical software.

#### **4.1.1 Response Rate**

Response Rate According to (Shahar et al, 2016) response rate is defined as the extent to which the final set of questionnaires collected from respondents is calculated alongside the number of questionnaires received back from respondents interviewed in the study. For this study, the sample size was 93 respondents. From the selected staffs of the Safaricom Ethiopia the sampling design was chosen by using stratified sampling technique which were 93 from these 54 questionnaires were collected and used for the purpose of the study but the rest 39 were not collected and were not used for the purposes of this study.

## 4.2 Demographic Description of Respondents

In this section, the demographic characteristics of respondents have been described. Accordingly, for the study, the demographic information collected from respondents consists of age, work experience in the company, educational level, and current position in the company are included. The below table 4.1 therefore shows the frequency and percentage of demographic composition of respondents.

**Table 4.1: Demographic background of respondents**

	Description		Frequency	Percent	Valid Percent	Cumulative Percent
<b>1</b>	Gender	Men	39	72.2	72.2	72.2
		Women	15	27.8	27.8	100.0
<b>2</b>	Age	18-30	22	40.7	40.7	40.7
		31-40	24	44.4	44.4	85.2
		41-50	5	9.3	9.3	94.4
		>50	3	5.6	5.6	100.0
<b>3</b>	Marital status	Single	21	38.9	38.9	38.9
		Married	30	55.6	55.6	94.4
		Divorced	3	5.6	5.6	100.0
<b>4</b>	Work position	Administration	7	13.0	13.0	13.0
		Marketing	7	13.0	13.0	25.9
		Research and design	6	11.1	11.1	37.0
		Technology	22	40.7	40.7	77.8
		Strategy and Planning	5	9.3	9.3	87.0
		Human resource	2	3.7	3.7	90.7
		Finance	5	9.3	9.3	100.0
<b>5</b>	Education	Degree	30	56.24	56.24	56.24
		Masters	22	41.76	41.76	98
		Doctorate	2	2.16	2.16	100.0
<b>6</b>	Experience	1-3 Month	12	22.2	22.2	22.2

	3-6 Month	20	37.0	37.0	59.3
	6-9 Month	21	38.9	38.9	98.1
	9-12 Month	1	1.9	1.9	100.0

*Source: own survey 2023*

As shown from the above table, 72.2 % respondents of the study were males and the rest 27.8% were females. Majority of participant employees in Safaricom Ethiopia are males. Regarding to the ages of employees participated in this study, 42% participants were 18-30 years, 46% were between 31 to 40 years, 9% were between 41 and 50 years, and 3% were above 50 years. Most participant employees of Safaricom Ethiopia belonged to the age category of 41 to 50 years. this shows that Safaricom Ethiopia have a preference for hiring more experienced professionals who fall within this age range. It could also indicate that individuals within this age range possess the necessary skills and expertise required for the job, and are therefore more likely to be hired by the company.

In relation to the working experience of participants employees of Safaricom Ethiopia, 22.2% are experienced between 1 and 3 months, 37% are experienced from 3 to 6 months, 38.9% are 6to 9 months experience, and 1.9% are experienced from 9-12 months employees are more than 7 months experienced. Majority employees had more than 7 months working experience in the organization.

In respect to educational qualification, the educational status of 56% was Bachelor Degree holders and 41% of employees were Master’s Degree holders and 2% were Doctorate holders. This shows that most employees in Safaricom Ethiopia are Master’s Degree holders. This shows that Safaricom Ethiopia values education and likely prioritizes hiring individuals with higher education degrees. It also suggests that the company may have a strong focus on professional development and encouraging employees to pursue advanced degrees. And they are best equipped to answer strategy- related questions.

The data gathered revealed that, a total of departments are represented: 4% are from the human resources department; 11% are from research and design; 18% are from finance and strategic planning; 26.6% are from administration and marketing; and 41 of the respondents, 57.2%, are from the technology department. This shows that the majority of the respondents are from the technology department, which helps the success of the studies related to the title I intended.

### 4.3. Descriptive Analysis for Competitive Strategies and Market Leadership

To assess competitive strategies adapted by Safaricom Ethiopia to lead telecommunication market in Ethiopia, data were collected from employees of Safaricom using closed-ended questionnaire. The independent variables of the study are cost leading, differentiation strategy, focus strategy and corporate growth strategy, policy and regulation as a mediator factor whereas the dependent variable is market leading. The questionnaire consisted of five-point Likert scale for both dependent and independent variables. The assigned values for both dependent and independent variable were strongly disagreed (1), disagree (2), neutral (3), agree (4) and strongly agree (5).

To categorize a scale of a questionnaire (as low, moderate or high) by using cutoff points, (Khorsheed, 2014) suggested the calculation of cutoff point as “maximum value of the scale minus minimum value of the scale divided by the number of categories in the scale”. Accordingly, in this study the cut off interval value is  $(5-1)/3$  which is 1.333. The categories of mean values are given as low (1-2.333), moderate/medium (2.34-3.667) and high (3.67-5) which was summarized 4.2. The descriptive analysis was made using frequency, mean, standard deviation, percentages and cutoff interval score of the scale.

**Table 4.2: Category of cutoff points**

No.	Cut-off point interval	Scale level
1	1- 2.333	Low
2	2.34-3.667	Moderate
3	3.67-5	High

*Source: (Khorsheed, 2014)*

#### 4.3.1 Cost Leadership

This subsection elaborates on findings, discussions, and presentations on cost leadership and the competitive strategy implemented by telecommunication firms.

**Table 4.3: Descriptive Statistics cost leadership**

Descriptive Statistics-Cost Leadership			
	N	Mean	Std. Deviation

The cost leadership strategy helps Safaricom Ethiopia enhance its market share.	54	3.89	.744
The company uses low prices for its service to increase market share.	54	4.08	.798
The company provides comparable services and products to those of its rivals, but at a cheaper cost.	54	3.75	.799
The company thinks that customers are more concerned about price than anything else.	54	3.87	.754
Charging a lower price does not undermine quality service.	54	3.89	.718
<b>Average</b>	54	3.89	0.762

*Source: own survey 2023*

The respondents largely reported that their companies' products were given the lowest prices for its service to increase market share ( $M=4.08$ ,  $SD=0.798$ ) and cost leadership strategy helps to enhance its market share. ( $M=3.89$ ,  $SD=0.744$ ) in the market. It was also largely held that the Charging a lower price does not undermine quality service ( $M=3.89$ ,  $SD=0.718$ ) and the company thinks that customers are more concerned about price than anything else. The company thinks that customers are more concerned about price than anything else ( $M=3.89$ ,  $SD=0.718$ ). In addition, the statistics ( $M=3.75$ ,  $SD=0.799$ ) showed that the company provides comparable services and products to those of its rivals, but at a cheaper cost is the only moderately utilized element from the responses we noticed. As shown in table 4.3 the mean value enhances its market share, lower price does not undermine quality and charging a lower price does not undermine quality service is 3.89,3.87,3.89 respectively shows that all these mean values are above average and nearly all elements are practiced equally in Safaricom Ethiopia.

The studies of (Sukmawati et al., 2021) showed that If a company chooses to pursue a cost leadership strategy, can improve firm's performance and competitive advantage.

#### **4.3.2. Differentiation Strategy**

**Table 4.4: Differentiation**

<b>Descriptive Statistics- Differentiation</b>
--

	N	Mean	Std. Deviation
The company's innovation strategy is focused on developing unique products or services that set it apart from its competitors	54	3.76	.775
The company will always be ahead competitor in product and service innovation	54	3.81	.848
The company invests in research and development to create innovative products or services that meet the evolving needs of its customers	54	3.63	.734
The company regularly uses its core technological competencies to operate in new markets.	54	3.70	.768
The company actively seeks out and adopt new technology	54	3.78	.816
The company's products and services are known for their high quality, which sets them apart from their competitors	54	3.46	.840
The company's quality standards are regularly reviewed and updated to ensure they remain relevant and effective	54	3.93	.908
The company's brand is distinct from that of its competitor, which helps it stand out in the market	54	4.13	.646
The company puts more emphasis on product image in its marketing communication than anything else	54	4.04	.846
The company places major emphasis on prior analysis of market needs to adapt its products and services to meet them if necessary	54	3.87	.754
The company regularly change marketing and advertisement strategy to get high customer retention	54	3.87	.754
<b>Average</b>	54	3.46	0.7899

*Source: own survey 2023*

The average mean (3.46) is an indication that a differentiation competitive strategy way implemented by the telecommunication firms. The truncated standard deviation means (0.46) an indication that opinion was closer to the average. The outcome (M=3.87, SD=0.63) pinpointed that companies s' products and services were largely unique from those offered by our competitors.

The statistics pinpointed that the company largely segment their market based on consumer trends (M=4.06, SD=0.52) and customized their products and services in response to consumer Demands

(M=3.91, SD=0.35). In addition, it was demonstrated that the firms largely listened to Customer concerns and promptly resolved issues. Nonetheless, the outcome (M=3.20, SD=0.48) Pinpointed that companies moderately marketed their products and services differently and in Accordance to different market needs.

A study by (Liu& Gima, 2018) showed A differentiation strategy is best implemented when a company can provide unique or superior value to customers through product, quality, feature, or after-sale programs and it have also improved firm’s performance and competitive advantage.

### 4.3.3 Focus Strategy

This subtopic discusses the findings and presentation on focus which was one on the competitive strategies pursued by the study.

**Table 4.5: Focus**

Descriptive Statistics-Focus			
	N	Mean	Std. Deviation
Safaricom uses Focus strategy	54	4.17	.863
Safaricom's Ethiopia focus on market segments to enhance Safaricom's competitive advantage	54	3.94	.787
Safaricom Ethiopia focuses on cost-sensitive customers usage cost-varying products and services	54	3.78	.769
Safaricom's strategy is to focus on high-quality, higher-priced products for consumers who prefer to pay more to get premium products and services	54	3.93	.669
Safaricom's focus on innovation to ensure that they are offering the best products and services	54	4.33	.614
<b>Average</b>	54	4.03	0.740

*Source: own survey 2023*

As denoted by mean aggregate (4.03), focus strategy as a competitive strategy was largely used by the firm. The outcome (M=4.17, SD=0.863) pinpointed that Safaricom uses Focus strategy to fit market and focusing on innovation to ensure that they are offering the best products and services with outcome (M=4.33, SD=0.614) are highly utilized. In addition, focus on market segments to enhance the firm competitive advantage (M=3.94, SD=0.787). however, outcome indicated that

strategy to focus on high-quality, higher-priced products for consumers who prefer to pay more to get premium products and services prestige selling was also utilized by the firms with a mean value (M= 3.93, SD=0.669). in addition, the only moderately utilized practice by the firm is cost-sensitive customers usage cost-varying products and services (m=3.78, Sd=0.769). Moreover, all the mean values are nearly similar and we can say all the elements of focus elements are equally practiced in Safaricom Ethiopia.

Companies may choose to pursue one of the three generic strategies or more than one depending on the organizational arrangements and systems. Commonly, larger firms with greater access to resources will compete on a cost leadership or differentiation strategy, whereas smaller firms may compete on a focus strategy (David, 2011).

#### 4.3.4. Corporate growth Strategy

This subtopic discusses the findings and presentation on corporate growth strategy which was one on the competitive strategies pursued by the study.

**Table 4.6: Corporate growth**

Descriptive Statistics-Corporate growth			
	N	Mean	Std. Deviation
The corporate growth strategy helped the company a lot in meeting corporate objectives	54	4.13	.584
The company Creates horizontal organizational mechanisms to facilitate interrelationships among the core businesses for future related diversification	54	4.11	.634
Safaricom Ethiopia's corporate growth strategy encompasses its market penetration strategy	54	3.94	.787
Safaricom Ethiopia has been expanding its market share in its existing market through market penetration strategies	54	3.94	.787
The company corporate objective is the same compared with your competitors in the market	54	3.85	.737
<b>Average</b>	54	3.99	0.715

*Source: own survey 2023*

As shown on corporate growth strategies, corporate growth helped the company to meet its objective, The company created horizontal structures for interrelationships and diversification., enhance market penetration has a mean value of (m=4.13), (M=4.11) and (M= 3.94) respectively which are the most practiced element of corporate growth strategies. Corporate objective same as competitor 3.85 respectively are the list practiced in Safaricom Ethiopia. The result shows that the mean was 3.99 from the results, all the means were above 2.5, hence the above result shows the overall mean of the dimension was computed to be standard deviation of (SD=0 .715) results indicate that majority of the respondents agreed with the statements presented to them in table 2.6. The result indicated that corporate growth, has impact on market leadership as indicated on the aggregate average means for all the study variables all of which are above 3.8, this means the successful implementation of a corporate growth strategy has greatly aided the company in achieving its objectives and helps the company expand its market share.

The studies by Ansoff (2012) expressed a matrix that highlighted the company's current and potential products, markets, and customers which are the core of corporate growth can improve market leadership performance and firm performance also.

#### 4.3.5. Policy And Regulation

**Table 4.7: Government Policy and Regulation**

<b>Descriptive Statistics - Government Policy and Regulation</b>			
	N	Mean	Std. Deviation
The company believes that the policies and regulations governing the telecom industry in Ethiopia are transparent and easy to understand	54	3.70	.838
The company is aware of the policies and regulations governing the telecom industry in Ethiopia	54	3.37	.808
The company believes that government policies and regulations have a significant impact on the competition in the telecom market in Ethiopia	54	3.69	.722

The Ethiopian Communications Authority (ECA) is effective in regulating the telecom industry in Ethiopia	54	3.67	.673
The government can support the development of a more competitive and innovative telecom industry in Ethiopia	54	3.46	.926
Average	54	3.57	0.793

Source: own survey 2023

As shown on **Government policy and regulation**, policies and regulations are transparent and easy, policies and regulations have a significant impact, effectiveness of Ethiopian Communications Authority has a mean value of 3.70, 3.69 and 3.67 respectively which are the most practiced element of **Government rule and policy**. The mean value for Safaricom Ethiopia to carefully deal or understand the regulations that affect the telecom industry, government innovative telecom industry and products and the concern of price about price 3.75,3.87, respectively are practiced below average in Safaricom. Ethiopia the table shows that the mean was 3.89 from the results, all the means were above 2.5, hence the above result shows the overall mean of the dimension was computed to be standard deviation of 0 .762 results indicate that majority of the respondents agreed with the statements presented to them in table 4.7 The result indicated that policy and regulation, has impact on market leadership as indicated on the means for all the study variables all of which are above 3.9.

**4.4.6. Market leadership**

**Table 4.8: Statistics-Market leadership**

<b>Descriptive Statistics-Market leadership</b>			
	N	Mean	Std. Deviation
Interim Sales growth	54	3.76	.775
Overall competitive position in the market	54	3.81	.848
Market share	54	3.63	.734
Status of customer retention	54	3.70	.768
Operation efficiency	54	3.78	.816
<b>Average</b>	54	3.73	0.788

Source: own survey SPSS 2023

As shown on market leadership strategies, overall competitive position in the market, Operation efficiency, Interim Sales growth has a mean value of 3.81, 3.78, and 3.76 respectively which are the most increased element of market leadership. The mean level of increased market share for Safaricom Ethiopia has significantly increase. Status of customer retention and Market share 3.70, 3.63 respectively are practiced below average in Safaricom Ethiopia. The table shows that the mean was 3.73 from the results, all the means were above 2.5, hence the above result shows the overall mean of the dimension was computed to be standard deviation of 0 .788 results indicate that majority of the respondents agreed with the statements presented to them in table 4.6 The result indicated that market leadership are constantly increasing. Which are above 3.8.

#### **4.4. Inferential Statistics for Competitive Strategies, Policy and Regulation and Market Leadership**

##### **4.4.1. Correlation Analysis**

In this section, correlation analysis conducted in light of each research objectives and hypotheses Developed. A correlation coefficient has a value ranging from -1 to 1. Values that are closer to the absolute value of 1 indicate that there is a strong relationship between the variable's Competitive strategy and market leadership. The correlation coefficient is a standardized measure of an observed effect and is a commonly used measure of the size of an effect. Values of  $\pm 0.1$  represent a small effect,  $\pm 0.3$  is a medium effect and  $\pm 0.5$  is a large effect A positive value (+) indicates a positive correlation between two variables while a negative value (-) indicates a negative correlation between two variables. This correlation provides a coefficient that indicates the strength and direction of the relationship. The p-value also shows an important Probability of this relationship (Field, 2013).

##### **4.4.1.1. Correlation Analysis between Construct of Competitive Strategies Practices and Market Leadership**

The inter correlation of these items is calculated using SPSS version 23 and the result is shown in the table below.

**Table 4.9: Correlation Analysis Competitive Strategies Practices and Market Leadership**

Correlations							
		Cost	Differentiation	Corporate	Focus	govern	Market
<b>Cost</b>	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	54					
<b>Differentiation</b>	Pearson Correlation	.571*	1				
	Sig. (2-tailed)	.000					
	N	54	54				
<b>Corporate</b>	Pearson Correlation	.220	.519**	1			
	Sig. (2-tailed)	.111	.000				
	N	54	54	54			
<b>Focus</b>	Pearson Correlation	.187	.287*	.477**	1		
	Sig. (2-tailed)	.175	.036	.000			
	N	54	54	54	54		
<b>Govern</b>	Pearson Correlation	.074	-.050	-.095	.054	1	
	Sig. (2-tailed)	.596	.719	.493	.697		
	N	54	54	54	54	54	
<b>Market</b>	Pearson Correlation	.706*	.838**	.561**	.442**	.019	1
	Sig. (2-tailed)	.000	.000	.000	.001	.894	
	N	54	54	54	54	54	54
<b>**.</b> Correlation is significant at the 0.01 level (2-tailed).							
<b>*</b> . Correlation is significant at the 0.05 level (2-tailed).							

*Source: own survey 2023*

Bivariate correlations are used to determine the nature, direction, and significance of the bivariate relationship between the variables in this study. Based on the analysis presented in Table 4.9, the results show that there is a positive correlation between the variables, the correlation between cost leadership and differentiation, indicates that there is a significant correlation between the two variables with coefficient correlation  $r = .571$  at  $p < 0.00$  level. The correlation between cost and

corporate growth indicates that there is a correlation between two variables with coefficient correlation  $r = .220$  level. Similarly, the correlation between cost and focus, cost and Overall market leadership, indicates that there is a significant correlation between two variables with coefficient correlation  $r = .187$  at  $p < 0.00$  level,  $r = .706$  at  $p < 0.01$  level respectively.

The correlation between differentiation and corporate growth, indicates that there is a significant correlation with coefficient correlation  $r = .519$  at  $p < 0.02$  level. Similarly, the correlation between differentiation and focus, differentiation and Overall market leadership, indicates that there is a significant correlation with coefficient correlation  $r = .287$  at  $p < 0.01$  level,  $r = .838$  at  $p < 0.00$  level respectively.

The correlation between corporate growth and focus indicates that there is a significant correlation between two variables with correlation coefficient,  $r = .477$  at  $p < 0.00$  level. Similarly, the correlation between corporate growth and Overall market leadership, indicates that there is a significant correlation with correlation coefficient  $r = .561$  at  $p < 0.00$  level. Also, the correlation between Focus and overall market leadership had a correlation of  $0.442$ ,  $p < 0.01$  level.

Government policy and regulation had a positive relation with cost, focus and market leadership  $0.074$ ,  $p < 0.01$ ,  $0.054$ ,  $p < 0.01$  and  $0.019$ ,  $P < 0.01$  respectively. However, there is a negative relation with  $-0.050$ ,  $p > 0.01$  with differentiation, and  $-0.095$ ,  $p > 0.01$  with corporate growth.

The result of the correlations analysis between the variables of this study shown in table 4.9 indicated that strategic competitive elements are positively and significantly correlated with government policy and market leadership. Accordingly, it can be concluded that the more effort being put into implementing competitive strategic practices the more direct impact it will have on market leadership.

The findings are consistent with many earlier studies According to (Ndambuki, 2016), adopted innovation and technology leadership, new product values with distinctive capabilities, product differentiation strategy, focus and segmentation strategy, new business models, process innovation, customer intimacy and relationship management have an impacts on market leadership.

#### 4.4.1.2. Correlation between competitive strategies and market leadership

**Table 4.10 Correlation Between Competitive Strategies and Market Leadership**

Correlations			
		competitive	Market
Competitive	Pearson Correlation	1	.707**
	Sig. (2-tailed)		.000
	N	54	54
Market	Pearson Correlation	.707**	1
	Sig. (2-tailed)	.000	
	N	54	54
**. Correlation is significant at the 0.01 level (2-tailed).			

*Source: own survey 2023*

Pearson correlation test was conducted between competitive strategies practices (collective representative of four constructs of CS practices) and the results are shown in table 4.10. As it is shown in the table, there is significantly strong correlation between competitive strategies practices and Market leadership. In other words, competitive strategies practices and market leadership have strong positive relationship with correlation coefficient of 0.707 ( $r=0.707$ ) and Significance value less than 0.01.

### 4.5. Multiple Regression Analysis

In this part of the analysis includes a regression model to test the hypotheses. four extracted dimensions were taken as independent variables against overall satisfaction of the customers as dependent variable in a multiple regression model. For all the hypotheses of the study below hypothesis test was used at 95% confidence interval. To know about the impact of the competitive strategies on overall market leadership.

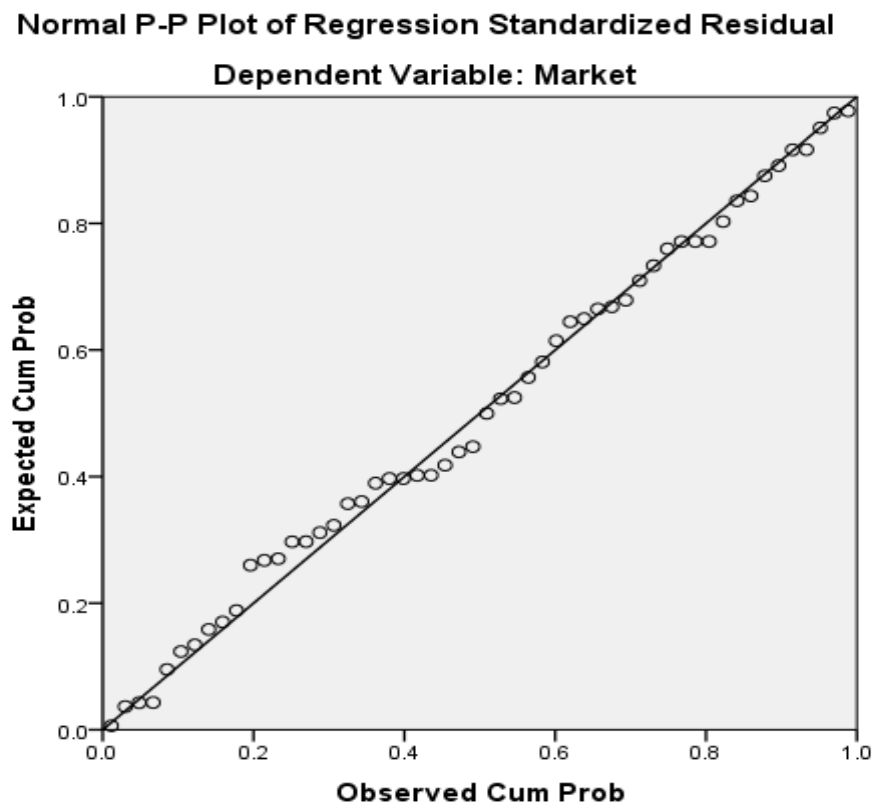
#### 4.5.1 Regression Analysis Assumption Tests

Before conducting a regression analysis, the basic assumptions concerning the original data must be made. This is a mandatory prerequisite in explaining the relationships between dependent and

explanatory variables. Five major assumptions have to be checked and proved to be met reasonably well. In this study these important least square assumptions were checked and explained as below.

#### 4.5.1.1 Linearity

Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables (Alexopoulos, 2010). To determine whether the relationship between the independent variable competitive strategies and dependent market leadership, is linear; plots of the regression residuals through SPSS V23 software had been used.



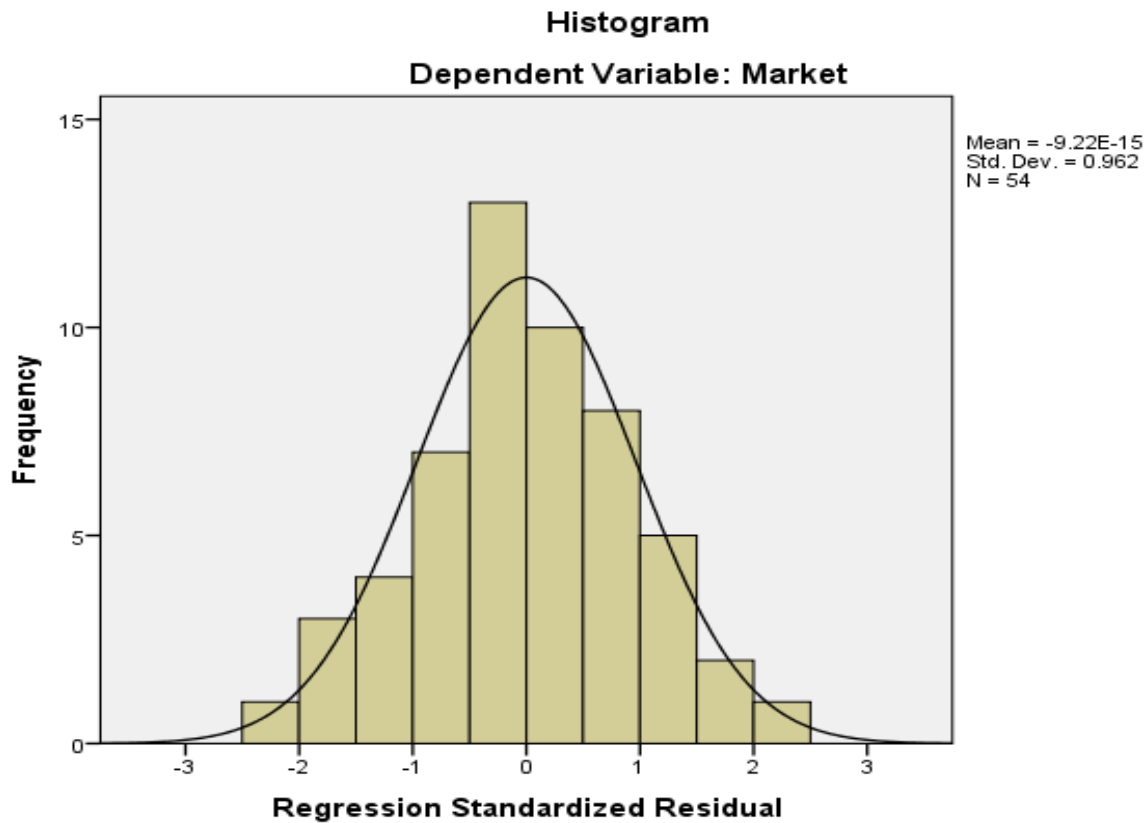
**Figure 4.1 Linearity**

*Source: Own survey 2023*

From the above graph the scatter plot of residuals shows no large difference in the spread of the residuals shown from left to right on the diagonal on figure above. This result suggests the relationship we are trying to predict is linear.

#### 4.5.1.2 Normality

The linear regression analysis requires all variables to be multivariate normal. This assumption can best be checked with a histogram and a fitted normal curve or a P-P Plot (Thu, 2019). As per the Classical Linear Regression Models assumptions, the error term should be normally distributed or the expected value of the error's terms should be zero ( $E(u_t) = 0$ ).



**Figure 4.2 Normality**

*Source: own survey 2023*

#### 4.5.1.3. Multicollinearity Test

For testing the existence of multicollinearity in our model, we used the VIF analysis (Variance Inflation Factor analysis).

**Table 4.11: Multicollinearity Test**

Coefficients			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Cost	.662	1.511
	Differentiation	.511	1.957
	Corporate	.602	1.661
	Focus	.765	1.306
a. Dependent Variable: Market			

*Source: own survey 2023*

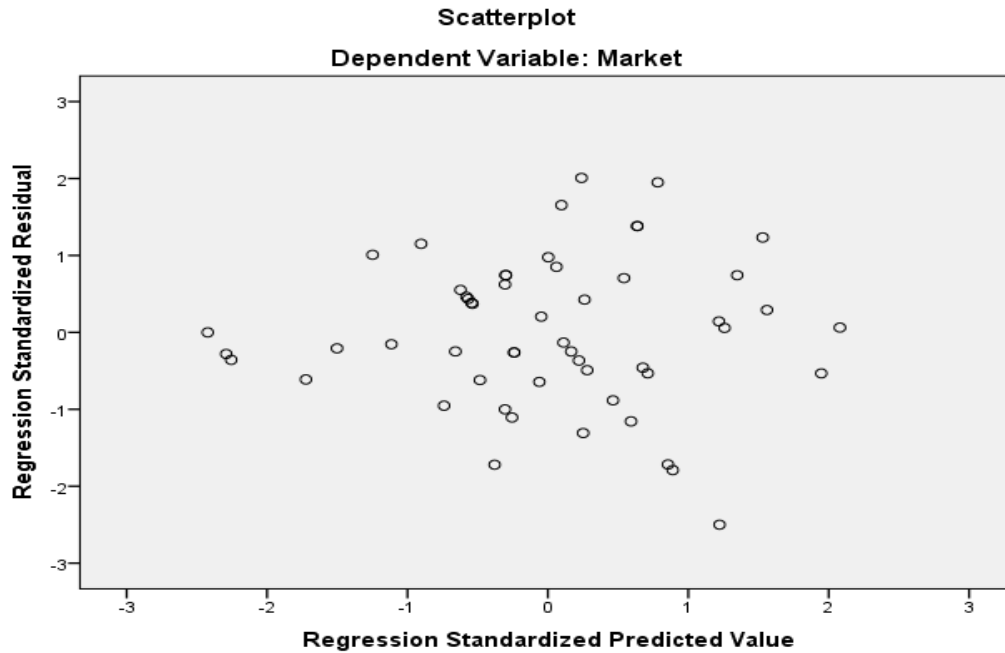
Columns we observe that, for the 4 independent variables, all the VIF values are between 1.306 and 1.957. The results show that there is no serious problem in the equilibrium between the independent variables as the tolerance value is greater than 0.1 for all independent variables and all VIFs are less than ten (VIF <10).

#### **4.5.1.4. Autocorrelation Test**

Linear regression analysis requires that there is little or no autocorrelation in the data. Autocorrelation occurs when the residuals are not independent of each other (Gao et al, 2019). While a scatter plot allows you to check for autocorrelations, you can test the linear regression model for autocorrelation with the Durbin-Watson test. The value of Durbin Watson assumes to be between 0 and 4, values around 2 indicate no autocorrelation. From our test, the value of Durbin Watson is about 1.758. Thus, result close to 2.

#### **4.5.1.5. Homoscedasticity Test**

The homoscedasticity test, refers to whether residuals are equally distributed, or present of equality of variance/homogeneity of variance (Osborn & Waters, 2002). Homoscedasticity can be checked by visual examination of a plot of the standardized residuals by the regression standardized predicted value. If the error terms are distributed randomly with no certain pattern, then the problem is not harm to for analyses. The figure below shows that the standardized residuals in this research are distributed equally indicating heteroscedasticity is not a serious problem for this data.



**Figure 4.3 Homoscedasticity Test**

*Source: own survey 2023*

#### **4.5.1.6. Homoscedasticity Test**

Thus, from an explanation of the information presented in the entire five tests, one can conclude that there are no significant data problems that would lead to say the assumptions of regressions have been seriously violated.

### **4.6. Effect of Competitive Strategies on Market Leadership**

To determine the contribution of the independent variables (competitive strategies) to the predicted variable (market leadership) in Safaricom Ethiopia, multiple linear regression analysis was calculated with the help of SPSS version 23 and interpreted as below. The purpose of regression analysis is to test which market competition strategy does significantly affect the competitiveness of the organization for market leadership.

**Table 4.12: Model Summary**

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.911 <sup>a</sup>	.831	.817	.22788	1.758
a. Predictors: (Constant), Focus, Cost, Corporate, Differentiation					
b. Dependent Variable: Market					

A. Predictors: (Constant), Policy, Cost leadership, corporate growth, Focus, Differentiation

B. Dependent Variable: Market leadership

*Source: own survey 2023*

From table 4.12 it, has been seen that the Adjusted R Square value from the Model Summary is Evaluated to determine the proportion of variance explained by the independent variable. it can Also observe that the coefficient of determination is the adjusted R squared value was 0.817.

This implies that competitive strategies (cost leadership, differentiation, focus, and corporate growth) implemented by Safaricom Ethiopia explained 81.7 % of market leadership. This implies that other predictors/variables not covered in this study can describe the residual percentage of 18.3%.

**Table 4.13: Regression Model Analysis (ANOVA of Regression)**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.489	4	3.122	60.123	.000 <sup>b</sup>
	Residual	2.545	49	.052		
	Total	15.033	53			
a. Dependent Variable: Market						
b. Predictors: (Constant), Focus, Cost, Corporate, Differentiation						

*Source: own survey 2023*

As displayed in table 4.13above,  $F(4, 49) = 60.123$ , Sig. (2-tailed) value = 0.000 ( $p < 0.01$ ) explains the combination of these independent variables (components of competitive strategy) significantly

predict the dependent variable (market leadership of Safaricom Ethiopia). Hence it can be concluded that competitive strategy dimensions have a significant impact on market leadership of Safaricom Ethiopia. To show the individual effect of each competition strategies adapted by Safaricom Ethiopia on its competitive advantage of market leadership, the regression coefficient analysis was summarized 4.14.

**Table 4.14: Coefficients of Model**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.575	.327		1.758	.085
	Cost	.301	.063	.347	4.805	.000
	Differentiation	.557	.088	.522	6.353	.000
	Corporate	.132	.073	.136	1.799	.078
	Focus	.180	.075	.162	2.413	.020

a. Dependent Variable: Market

*Source: own survey 2023*

The strength of each predictor variables influence on the criterion (dependent) variable can be investigated via standardized coefficient (Beta value). The larger value of Beta coefficient that an independent variable has brings more influence and more important determinant in predicting the dependent variable. Thus, by comparing the standardized coefficient Beta values, the highest and significant contributor to the market leadership of Safaricom Ethiopia in telecom industry respectively are differentiation strategy (Beta value = 0.522, t = 6.353, sig. 0.000, (p<0.01); cost leadership strategy (Beta value = 0.347, t = 4.805, sig. Value 0.000, (p<0.01)) and focus strategy (Beta value = 0.162, t = 2.413, sig. 0.02, (p<0.01)). The result suggested that strategy differentiation, cost strategy and focus strategy have statistically significant effect on the market competitive advantage of Safaricom Ethiopia.

However, the standardized coefficient (Beta values) of corporate growth strategy (Beta value = 0.136, t = 1.799, sig. 0.078, (p>0.05)) corporate growth strategy did not significantly affect

the market leadership of Safaricom in telecom industry. That means we have not sufficient data in the link between corporate growth and market leadership.

It is possible to conclude that differentiation strategy is the dominant contributor or predictor to market leadership in the telecom industry followed by cost leadership strategy. As a result, the regression model analysis is reduced to

$$\text{Estimated } Y = \beta_0 + \beta_1 * \text{cost} + \beta_2 * \text{differentiation} + \beta_3 * \text{focus} + e$$

$$\text{Estimated } Y = .575 + 0.301 * \text{cost} + 0.557 * \text{differentiation} + 0.180 * \text{focus} + e$$

## 4.7. Hypothesis Testing

Based on the regression analysis result the following hypothesis was tested.

### Hypothesis 1

H1: cost leadership has significant impact on market leadership.

The result of multiple regressions table 4.14, revealed that, there is a positive and significant relationship between cost leadership and market leadership with a beta value 0.301 and P-value of 0.00 which is less than 0.05.

This also indicated that the alternative hypothesis is accepted. That means there is a positive and significant relationship between cost leadership and market leadership. The study results also concur with (Mungai, 2018) who did another study on how cost leadership influences organizations' performance in Kenyan telecommunications. The results reviewed showed that cost leadership was found to have a positive and significant influence on the performance of telecom services in Kenya.

### Hypothesis 2

H1: differentiation has positive significant impact on market leadership.

The result of multiple regressions table 4.14, revealed that, there is positive and significant relationship between differentiation and market leadership with the beta value 0.557 and P-value of 0.00 which is less than 0.05. This implies that, other explanatory variable remains constant, if

the mean score value of differentiation increases by 1 unit on average the mean score value of market leadership increases by 0.557 unit and significant at a 5% significance level.

This also indicated that the alternative hypothesis is accepted. That means there is a positive and significant relationship between differentiation and market leadership. This implies that, if Safaricom Ethiopia offering the more new and unique products and services to the market, it will lead to increase market leadership. The result is consistent with the finding (Kyengo & Ombui, 2016) that there is a positive relationship between differentiation and market leadership. Therefore, H2: differentiation has a positive effect on company market leadership.

### **Hypothesis 3**

H1: corporate growth has a positive significant impact on market leadership.

The result of multiple regressions table 4.14, revealed that there is an insignificant relationship between equity and customer satisfaction with the beta value 0.132 and P-value of 0.078 which is greater than 0.05. This implies that, other explanatory variable remains constant, if the coefficient value of equity increases by 1 unit on average the mean score value of customer satisfaction increases only by 0.132 unit and insignificant at 5% significance level.

This indicate that the alternative hypothesis is rejected and that means there is an insignificant relationship between corporate growth and market leadership.

### **Hypothesis 4**

H1: Focus has a positive significant impact on Market leadership.

The result of multiple regressions table 4.14, revealed that there is a positive and significant relationship between Focus and market leadership with the beta value 0.180 and P-value of 0.02 which is less than 0.05. This implies that, other explanatory variable remains constant, if the mean score value of focus increase by 1 unit on average the mean score value of market leadership increases by 0.180 unit and significant at 5% significance level.

This also indicated that the alternative hypothesis is accepted. That means there is a positive and significant relationship between focus and market leadership. This result is supported by the findings of (Arasa & Gathinji, 2014) This implies that this strategy aims to provide unique products

within a niche market. The telecommunications companies in Kenya applied market-focused strategies that significantly improved firm performance.

**Table 4.15: Mediator Analysis**

Model: 4							
Y : Market							
X : Competet							
M: Govern							
Sample							
Size: 54							
OUTCOME VARIABLE:							
Govern							
	R	R-sq	MSE	F	df1	df2	p
	.0111	.0001	.3733	.0064	1.0000	52.0000	.9368
Model							
	coeff	se	t	p	LLCI	ULCI	
constant	3.5280	.6304	5.5964	.0000	2.2630	4.7930	
competet	.0184	.2308	.0797	.9368	-.4448	.4816	
OUTCOME VARIABLE:							
Market							
Model Summary							
	R	R-sq	MSE	F	df1	df2	p
	.7073	.5003	.1473	25.5283	2.0000	51.0000	.0000
Model							
	coeff	se	t	p	LLCI	ULCI	
constant	1.1383	.5013	2.2708	.0274	.1319	2.1446	
competet	1.0357	.1450	7.1429	.0000	.7446	1.3268	
govern	.0095	.0871	.1088	.9138	-.1654	.1844	
Test(s) of X by M interaction:							
	F	df1	df2	p			
	.8837	1.0000	50.0000	.3517			
govern	Market						
govern	1.0000	.0000					
Market	.0000	1.0000					
Direct effect of X on Y							
	Effect	se	t	p	LLCI	ULCI	
	1.0357	.1450	7.1429	.0000	.7446	1.3268	
Indirect effect(s) of X on Y:							
	Effect	BootSE	BootLLCI	BootULCI			
govern	.0002	.0134	-.0205	.0370			

*Source: spss v 23 processes macro3.5 (2023)*

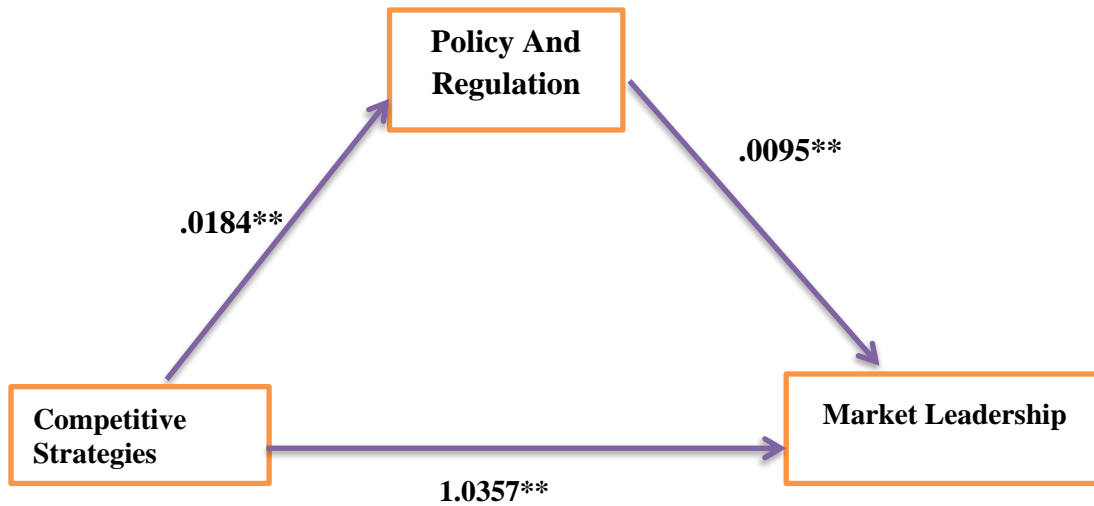
Level of confidence for all confidence intervals in the output:

95.0000

Several bootstrap samples for percentile bootstrap confidence intervals:

5000

Mediation report result



.0095(direct without government policy and regulation)

**Figure 4.4 Mediation report result**

**Source:** *own survey 2023*

Based on the result provided by table 4.15 & the diagram, The indirect effect of government rule and policy on the relationship between competitive strategies and market leadership was estimated at 0.0002 (IE= 0.0184\*.0095) this value was considered to be statistically significant.

(IE=.0002 is in between LLCI =-.0205 and ULCI=.0370).

### **Hypothesis 5**

H1: Government rule and policy mediate the relationship between competitive strategies and market leadership

Therefore, the alternative hypothesis is accepted, concluding that government rule and policy mediate the relationship between competitive strategies and market leadership.

This result is supported by the findings of (Kiragu, 2011 ) on the implications for policy and practice. The findings suggest that policymakers understand the industry better, thereby enabling the formulation of policies and regulations for Airtel Kenya. It will help them identify areas where marketers perceive discriminatory policies are in use, examine them closely, and work on streamlining them.

In general, this research has done to analyze the competitive strategies on market leadership in a case of Safaricom Ethiopia. Multiple linear regression model has been used to investigate their relationship or association. Accordingly, the model summery indicates adjusted R2 is 0.817which mean that all the four independent variables which are cost leadership, differentiation, focus and development explain the independent variable by 81% the rest 19.2% will be filled by other variables.

**Table 4.16. Hypothesis Test Results Summary**

<b>Hypothesis</b>	<b>Description</b>	<b>Regression Result</b>	<b>Result</b>
H1	Differentiation strategy positively affect market leadership	Beta = 0.522, p<0.01	Accepted
H2	Adoption of Focus strategy positively affect market leadership	Beta = 0.162, p<0.01	Accepted
H3	Adoption corporate growth strategy positively affect market leadership	Beta = .136, p>0.0	Not Accepted
H4	Adoption cost leadership strategy positively affect market leadership	Beta = 0.347, p<0.01	accepted
H5	Government regulation and policy mediates the relationship between competitive strategies and market leadership	Indirect effect x on y 0.0002 LLCI -ULCI -0.0205-0.0370	Accepted

Therefore, four of the drafted hypotheses are accepted and one of the hypotheses is not accepted.

## **4.8. Analysis Qualitative Data**

### **4.8.1 Competitive Tactics and Market Leadership**

Safaricom Ethiopia, a subsidiary of the leading Kenyan telecommunications company Safaricom, has been present in Ethiopia since 2022. As a newcomer in the Ethiopian market, the company employed various strategies to establish its presence and capture market share. These strategies were carefully designed to achieve business objectives. Based on a thorough analysis of survey responses and interviews, it is clear that the organization takes a proactive approach to the telecom industry. They continuously invest in cutting-edge technology, not only try to be ahead of the competition but also to establish their dominance in the market.

The respondents reported that Safaricom Ethiopia One of the key strategies that Safaricom Ethiopia has employed is to focus on customer needs and preferences. The company has conducted extensive market research to understand the unique needs and preferences of Ethiopian consumers and has used this information to tailor its products and services to meet these needs. Safaricom Ethiopia has also invested heavily in customer service to ensure that its customers are satisfied with its products and services.

Another strategy that Safaricom Ethiopia has used differentiate itself from its parent company. Safaricom is known for its innovative products and services, and Safaricom Ethiopia has brought some of these offerings to the Ethiopian market, such as the M-Pesa mobile money platform. Safaricom Ethiopia is currently encountering certain obstacles in introducing M-Pesa in Ethiopia, primarily due to certain regulations and policy limitations established by the Ethiopian government. Despite the substantial potential for growth, the company is required to carefully maneuver these regulatory impediments to achieve success in the market.

Safaricom Ethiopia has been diligently working towards reducing the average cost of its products and services to provide affordable options to its customers. However, the company has been facing stiff competition from Ethio Telecom, a state-owned company, which has significantly lowered the prices of all its services. While Safaricom Ethiopia's voice package remains more cost-effective than Ethio Telecom's, the company has not yet reduced the prices of its other services. This is primarily because Safaricom Ethiopia had to invest over \$150 million to enter the Ethiopian market and complete the licensing process, which has limited its ability to offer lower prices across its full

range of services. In addition, Safaricom Ethiopia focused on building partnerships and collaborations with other companies in Ethiopia to expand its reach and offer more value to customers. For example, the company has partnered with the Central Bank of Ethiopia to offer discounted airtime to customers.

Safaricom Ethiopia has invested heavily in marketing and promotion to raise awareness of its products and services. The company has used a range of marketing channels, including billboards, television and radio advertisements, and social media, to reach potential customers and build its brand in the Ethiopian market.

Overall, the respondents noted that Safaricom Ethiopia has used a combination of customer-focused strategies, differentiation by using cutting-edge technology, building partnerships and collaborations, and investing in marketing and promotion to establish its presence in the Ethiopian market and gain market share.

Competitive strategies adopted are both proactive and reactive in ratios of 70/40. Proactive strategies are internally driven and forward-looking. While reactive strategies ensure that the business can react to external environmental pressures and changes. This approach allows the organization to be a learning organization in its approach to business.

#### **4.8.2. Challenges of Competitive Strategies**

This section addresses the third objective of the study, which aims to define the challenges of bringing competitive strategies into practice. A higher number of respondents said that Safaricom's entry into the Ethiopian market presents a significant challenge in terms of adopting a competitive strategy. These challenges are:

**Regulatory challenges:** The Ethiopian government has historically been protective of its telecommunications market and has limited foreign investment in the sector. Safaricom will need to navigate regulatory challenges to establish its presence in the market.

The interviewees asserted that the development and expansion of the telecommunications sector depend greatly on the government's role as a regulator. This is due to their control over important resources like banks, universities, and electricity, which are utilized by the majority of the population. Additionally, government policies can greatly influence how companies conduct their

business. An example of this is when regulators encourage infrastructure sharing, even though a company has already invested heavily in its rollout. This type of regulation can make the company to limit its investments in infrastructure development. The other thing is that the licensing process is too slow to get a mobile financial service license. Safaricom comes here with the target of computing through technology by using mobile service apps like M-Pesa, but it took up to 10 months, and one of the respondents said that “the license problem costs us a lot of money”.

The interviewees also noted that customer education remains one of the key challenges facing the company as it strives to remain the market leader in internet service provisions. Safaricom customers fall in the two extremes with very tech-savvy customers demanding best-in-class services and support from the organization while the general customer strives to catch up with emerging trends in the internet market.

**Conflict:** interviewers said that Politics can also present a challenge for Safaricom in Ethiopia.

The outbreak of war in Ethiopia could present significant challenges for Safaricom, particularly if the conflict affects the telecommunications infrastructure and disrupts the operations of the company. In the event of war, Safaricom may face several challenges, including disruption of infrastructure: If the conflict directly impacts the telecommunications infrastructure, Safaricom's ability to provide services could be severely impacted. The destruction of cell towers, fiber optic cables, and other critical infrastructure could cause network outages and service disruptions. Economic impact: War can also have a significant impact on the economy, and the disruption of Safaricom's operations could have ripple effects on the broader business environment in Ethiopia.

**Established rivals:** The interviewees pointed out that state-owned player Ethio Telecom already controls a significant portion of the Ethiopian telecom sector. These businesses are ahead of the curve and already have a customer base and infrastructure in place. Due to this, people's opinions have been influenced to use Ethio Telecom's services; yet, because this industry has existed in Ethiopia for more than 128 years, it is difficult to influence the minds of the public. Also, the ECA received a monthly report from the company but occasionally requested confidential information, which goes against our corporate culture.

**Infrastructure challenges:** The Ethiopian telecommunications infrastructure is underdeveloped, and the country has one of the lowest mobile penetration rates in Africa. Safaricom will need to

invest heavily in infrastructure to provide reliable and affordable services to customers. And the government refused to put towers in Addis Ababa and other cities due to the narrow place in the middle of the cities which led to sharing infrastructure with Ethio telecom. Finally, the company needs extra electric power for the places that locate its towers the government did not give extra electric power the said our reason is our country has a shortage of power.

**Pricing challenges:** the respondents said The Ethiopian market is price-sensitive, and consumers are accustomed to low-priced services. Safaricom will need to find a pricing strategy that balances affordability with profitability. But due to high investment in licenses and other infrastructure issues, the company sets thresholds in price for now but still the company voice data is affordable.

**Cultural challenges:** Ethiopia has a unique culture and language, and Safaricom will need to tailor its products and services to meet the needs of the local population. Respondents stated that the company is facing numerous challenges daily. However, the company can overcome these challenges by implementing an effective training program for its staff, adapting its business strategy to align with the new administration's priorities and policies, and creating a conducive work environment. Based on feedback from respondents, the organizational structure and available resources have been rated highly. Nevertheless, they said that “we have encountered some obstacles that suggest it may not be aligned with our current strategy”.

As suggested by respondents, Safaricom Ethiopia might think about establishing strategic alliances with other businesses to take use of their resources and expertise. For instance, it might collaborate with a tech business to create new, cutting-edge items or with a neighborhood retailer to market its goods. Also, respondents suggested that Expand product and service offerings: Safaricom Ethiopia should consider expanding its product and service offerings beyond traditional telecommunications services. For example, it could offer fintech or mobile money services, which are in high demand in Ethiopia. By offering a wider range of services, Safaricom Ethiopia can attract new customers and increase revenue streams.

Finally, Interviewees noted that Overall, Safaricom Ethiopia should develop a comprehensive competitive strategy that focuses on customer needs, differentiation, product and service offerings, strategic partnerships, and digital transformation. By doing so, it can position itself as a market leader in the Ethiopian telecommunications industry.

## CHAPTER FIVE

### SUMMARY, CONCLUSION, AND SUGGESTIONS

#### 5.1. Introduction

In this chapter summary of findings, conclusion, and recommendations are discussed based on the findings from the study. Based on the findings and conclusions drawn recommendations are suggested for practitioners and further researchers.

#### 5.2. Summary of the Findings

The research was intended to test if there is a relationship between competitive strategy and market leadership. Cost leadership, focus, differentiation, and corporate growth at the case company. The following is a summary of the main findings based on the results of the study.

The point of competitive strategies practice was analyzed by using descriptive statistics based on the rankings; it can be concluded that competitive strategy dimensions practiced in Safaricom Ethiopia.

The relationships (correlations) between competitive strategy practice and market leadership performance were tested through Pearson correlation analysis and the findings show that there is a strong positive relationship with correlation coefficient of 0.707 ( $r = 0.707$ ) and significant value  $< 0.01$ .

Multiple regression analysis was used to test how competitive strategies practice construct can predict market leadership. The multiple regression analysis showed that competitive strategy practice can predict market leadership.

The multiple regression analysis shows that differentiation practice is found the highest construct and corporate growth with the least and insignificant predictor for competitive strategies among the different competitive strategies practice constructs.

The findings are consistent with many earlier studies Meru (2015) found that there is significant positive relation between competitive strategies and market leadership. Islami et al, (2020) competitive strategies had an important and positive effect on organizational performance.

### **5.3. Conclusion**

The researcher therefore concludes that the competitive strategies adopted by Safaricom Ethiopia to attain leadership in the telecom market in Ethiopia are differentiation strategy, focus strategy, cost leadership strategy and market focus strategy.

The strategy of cost leadership strategy and focus strategy in Safaricom Ethiopia have positive and statistically significant relationship with market leadership of the organization. That is, cost leadership strategy and focus strategy have significant influence on market leadership competition in the telecom industry.

It was proved that the differentiation strategy of Safaricom Ethiopia in terms of quality, advertising, branding and innovation is high level. The statistical analysis also proved that the differentiation strategy has positive and significant effect on the market leadership of Safaricom Ethiopia. The dominant contributing competition strategy is the differentiation strategy.

The study depicted that policy and regulation-related factors, infrastructure-related, political-related, and culture-related factors are the main challenges that influence the market leadership of Safaricom Ethiopia.

### **5.4. Recommendation**

- The study recommends that firms that chose to adopt a cost leadership strategy should focus on gaining a competitive advantage by having the lowest cost in the industry. Regarding this, the firm sells its products either at average industry prices to earn a profit higher than that of rivals, or below the average industry prices to gain market share.
- The study recommends that firms that choose to employ market focus strategies should concentrate on a narrow segment and within that segment attempt to achieve either a cost advantage or differentiation. A firm using a focus strategy often enjoys a high degree of

customer loyalty, and this entrenched loyalty discourages other firms from competing directly.

- The study recommends that Safaricom Ethiopia to Form strategic partnerships with local companies: Safaricom Ethiopia can leverage the expertise and knowledge of local companies to strengthen its market position. the company can form partnerships with local technology companies to enhance its digital capabilities or partner with local distributors to expand its distribution network. industries like banks, and higher education institutes to enhance key strategic decisions, boost their productive capacities, lessen uncertainties in their internal structures and external environments, gain competitive advantages that enable them to increase profits, and access potential business opportunities that will permit them to command higher market values for their outputs.
- To navigate these political challenges, Safaricom will need to maintain a close relationship with the Ethiopian government and regulators, engaging in open and transparent dialogue to address concerns and build trust. Additionally, Safaricom may need to adapt its business strategy to align with the new administration's priorities and policies. This may involve investing in local talent and infrastructure, supporting local businesses and communities, and addressing social and political challenges as they arise. Ultimately, Safaricom will need to remain flexible and adaptable to navigate the complex political environment in Ethiopia
- Based on the current market observation and the need for innovative approaches, it is highly recommended that Safaricom develops and implements new strategies to achieve market dominance. Additionally, Safaricom Ethiopia should focus on increasing its market share to generate sufficient revenue to cover its substantial investment and variable costs. Taking these steps will position Safaricom for long-term success in the telecommunications industry.
- The link between corporate growth and market leadership is inconclusive and requires further investigation by other researchers. It is recommended that further research be conducted by other researchers to gain a clearer understanding of the relationship between these two factors.

## **5.5 limitations and Future Research directions**

The limitations faced in during this research were founded on unwillingness to share what interviewees termed firm secrets or company's confidential information. Interviewees were reticent to share information they thought if shared with competing firms might jeopardize their competitiveness in the market.

This study used four competitive dimensions of telecommunication industry to analyze competitive strategies and their influence on the market leadership of Safaricom. The study used higher-positioned personnel of Safaricom Ethiopia to get responses regarding to competitive strategies and the effectiveness of the organization in the market competition. But there are numerous factors contributing to the effectiveness of Safaricom Ethiopia in the telecom industry competition. Therefore, further study can be conducted by interested academicians or by the organization by including other competitive strategies. It is recommended that further research is required by involving customers of Safaricom Ethiopia and different challenges influencing its market competition.

## **5.6. Contribution of the study**

### **5.6.1 Theoretical contributions**

- The analysis of the competitive strategy adopted by Safaricom Ethiopia to attain market leadership in Ethiopia could contribute to the development of theories and models related to competitive strategy in the total industry, such as the Resource-Based View, Porter's Five Forces, Blue Ocean Strategy, Game Theory, and Dynamic Capabilities.
- The study could also provide insights into the telecommunications industry in Ethiopia and how firms can navigate the competitive landscape to attain market leadership Practical contributions:
- The study could identify best practices and strategies that firms could adopt to attain market leadership in the telecommunications industry in Ethiopia or other developing countries.

### **Practical contributions**

- The study could identify best practices and strategies that firms could adopt to attain market leadership in the telecommunications industry in Ethiopia or other developing countries.

- The study could have policy implications for the Ethiopian government and regulators, as they seek to promote competition and innovation in the telecommunications industry, which could lead to practical improvements in the industry.
- The study could also provide valuable information for firms operating in the telecommunications industry in Ethiopia or planning to enter the market, which could lead to practical improvements in their operations.

## REFERENCES

- Akingbade, W. A. (2020). Strategic Options for Improved Organizational Performance in the Nigerian Telecommunication Industry: Miles and Snow Approach. *Annals of the University Dunarea de Jos of Galati: Fascicle: I, Economics & Applied Informatics*, 26(3).
- Kipley, Lewis & Jewe. (2012). Entropy–disrupting Ansoff’s five levels of environmental turbulence. *Business Strategy Series*, 251-262.
- Strickland, Thompson, A. Thompson, and J. Gamble. *Crafting and executing strategy: Text and readings*. Mcgraw Hill, 2007.
- Ryans, A., More, R., Barclay, D., & Deutscher, T. (2000). *Winning market leadership: Strategic market planning for technology-driven businesses*. John Wiley & Sons.
- Behl, A. (2022). Antecedents to firm performance and competitiveness using the lens of big data analytics: a cross-cultural study. *Management Decision*, 60(2), 368-398.
- Porter, M. E. (1998). The Adam Smith address: Location, clusters, and the “new” microeconomics of competition. *Business economics*, 33(1), 7-13.
- Neal, E.T.. A.L. (2008). *Consumer Behavior and Marketing Strategy*. (7th ed.). : MCgraw Hill.
- Otsetova, A., Kolev, D., & Georgi Georgiev, G. D. (2018). Market leadership in bulgaria telecommunication sector. *International Journal of Information Theories and Applications*, 25, 301-400.
- Jönsson, C., & Devonish, D. (2009). An exploratory study of competitive strategies among hotels in a small developing Caribbean state. *International Journal of Contemporary Hospitality Management*.

- Heller Baird, C., & Gonzalez-Wertz, C. (2011). How top performers achieve customer-focused market leadership. *Strategy & Leadership*, 39(1), 16-23.
- Bogale, W. (2005). A Background Paper on Telecom & Telecom Statistics in Ethiopia. Ethiopian Telecommunications Corporation.
- Oteri, O. M., Kibet, L. P., & Ndung'u, E. N. (2015). Mobile subscription, penetration and coverage trends in Kenya's Telecommunication Sector. *International Journal of Advanced Research in Artificial Intelligence*, 4(1), 1-7.
- Kapto, J. S., & Njeru, A. (2014). Strategies adopted by mobile phone companies in Kenya to gain competitive advantage. *European Journal of Business Management*, 2(1), 352-367.
- Kiechel, W. (2010). *Lords of Strategy: The secret intellectual history of the new corporate world*. Harvard Business Press.
- Islami, X., Mustafa, N., & Topuzovska Latkovikj, M. (2020). Linking Porter's generic strategies to firm performance. *Future Business Journal*, 6, 1-15.
- Dhir, S., Rajan, R., Ongsakul, V., Owusu, R. A., & Ahmed, Z. U. (2021). Critical success factors determining the performance of cross-border acquisition: Evidence from the African telecom market. *Thunderbird International Business Review*, 63(1), 43-61.
- Kiragu, E. M. (2011). *The effect of multiple competitive strategies at airtel kenya limited* (Doctoral dissertation).
- Ngugi, D. W., & Murugi, E. (2022). Competitive strategies and performance of telecommunication firms in Kenya. *International Academic Journal of Human Resource and Business Administration*, 4(1), 226-251.
- Adame, B. O. (2021). The Ethiopian telecom industry: gaps and recommendations towards meaningful connectivity and a thriving digital ecosystem. *Heliyon*, 7(10), e08146.
- Osei-Owusu & Tidiane. (2017, January 01). Policy Foundation of the GhanaTelecom Industry. *Nordic and Baltic Journal of Information and Communications Technologies*.

- Thompson, A. A., & Strickland, A. J. (2003). Strategic management: Concepts and cases. *Irwin Professional Publishing*.
- Deng, L., & Gibson, P. (2009). Mapping and modeling the capacities that underlie effective cross-cultural leadership: An interpretive study with practical outcomes. *Cross Cultural Management: An International Journal*.
- Nason, R. S., & Wiklund, J. (2018). An assessment of resource-based theorizing on firm growth and suggestions for the future. *Journal of management*, 44(1), 32-60.
- Wernerfelt, B., & Karnani, A. (1987). Competitive strategy under uncertainty. *Strategic Management Journal*, 8(2), 187-194.
- Tellis, G. J. (2006). Disruptive technology or visionary leadership? *Journal of Product Innovation Management*, 23(1), 34-38.
- Njuguna, V. W. (2012). *Competitive strategies adopted by Safaricom Kenya Limited to tackle competition* (Doctoral dissertation).
- Kasyoka, G. (2010). *The use of strategic positioning to achieve sustainable competitive advantage at Safaricom Limited* (Doctoral dissertation, University of Nairobi, Kenya).
- Boyd, B. K., Gove, S., & Hitt, M. A. (2005). Construct measurement in strategic management research: illusion or reality? *Strategic management journal*, 26(3), 239-257.
- Baack, D. W., & Boggs, D. J. (2008). The difficulties in using a cost leadership strategy in emerging markets. *International Journal of Emerging Markets*, 3(2), 125-139.
- Teeratansirikool, L., Siengthai, S., Badir, Y., & Charoenngam, C. (2013). Competitive strategies and firm performance: the mediating role of performance measurement. *International Journal of Productivity and Performance Management*, 62(2), 168-184.
- Stevens, P., Lahn, G., & Kooroshy, J. (2015). *The resource curse revisited*. London: Chatham House for the Royal Institute of International Affairs.
- Porter, M. E. Competitive Strategy: Techniques for Analyzing Industries and Competitors. New York: Free Press, 1980. (Republished with a new introduction, 1998.)

- Valipour, H., Birjandi, H., & Honarbakhsh, S. (2012). The effects of cost leadership strategy and product differentiation strategy on the performance of firms. *Journal of Asian Business Strategy*, 2(1), 14-23.
- Sukmawati, M., Tsany Naufal, H., & Puspita, C. A Study of Generic Strategy in Fast Food Company and The Effect of Covid-19 Pandemic: Case Study of Shake Shack's Competitive Strategy
- Liu, W., & Atuahene-Gima, K. (2018). Enhancing product innovation performance in a dysfunctional competitive environment: The roles of competitive strategies and market-based assets. *Industrial Marketing Management*, 73, 7-20.
- Bergek, A., Bjorgum, O., Hansen, T., Hanson, J., & Steen, M. (2018). Towards a sustainability transition in the maritime shipping sector: the role of market segment characteristics. In *International Sustainability Transitions Conference*.
- Akintokunbo, O. O. (2018). Market focus strategy and organizational performance of telecommunication companies in Port Harcourt. *International Journal of Innovative Research and Advanced Studies*, 5(3), 258-263.
- Nugroho, T. W., & Nurcahyo, R. (2018, January). Analysis of Total Quality Management (TQM) implementation in small medium industries. In *Proceedings of the International Conference on Industrial Engineering and Operations Management* (Vol. 2018, No. JUL, pp. 607-618).
- David, F. R. (2011). *Strategic management concepts and cases*. Prentice hall.
- Banker, R. D., & Byzalov, D. (2014). Asymmetric cost behavior. *Journal of Management Accounting Research*, 26(2), 43-79.
- Kiprotich, E., Gachunga, H., & Bonuke, R. (2018). Influence of cost leadership procurement strategy on performance of manufacturing firms in Kenya. *European Journal of Business and Strategic Management*, 3(1), 32-51.
- Knight, G., Moen, Ø., & Madsen, T. K. (2020). Antecedents to a differentiation strategy in the exporting SME. *International Business Review*, 29(6), 101740.

- Della, H., & Araibi, L. M. (2016). The Effect of Product Differentiation on Local Brand Positioning: A Case Study of “Venus” Brand Shampoos in the Algerian Market. *European Journal of Business and Management*, 8(21).
- Mathis, R. L., Jackson, J. H., Valentine, S. R., & Meglich, P. (2016). *Human resource management*. Cengage Learning.
- Khoza, S., Mafini, C., & Okoumba, W. V. L. (2022). Lean practices and supply-chain competitiveness in the steel industry in Gauteng, South Africa. *South African Journal of Economic and Management Sciences*, 25(1), 1-14.
- Josephine K, N. (2016). *Competitive Strategies Adopted by Safaricom Kenya Limited To Maintain Market Leadership In The Internet Market In Kenya* (Doctoral dissertation, University of Nairobi).
- Thu, M. (2019). *The Violation for Assumptions of multiple regression model* (Doctoral dissertation, Yangon University of Economics).
- Abrams, L. S. (2010). Sampling ‘hard to reach populations in qualitative research: The case of incarcerated youth. *Qualitative social work*, 9(4), 536-550.
- Ibrahim, S. N., & Zayed, A. (2018). The impact of integrated talent management on the competitive advantage in multinational corporations. *International Journal of Academic Research in Business and Social Sciences*, 8(7), 221-237.
- Lado, A. A., & Wilson, M. C. (1994). Human resource systems and sustained competitive advantage: A competency-based perspective. *Academy of management review*, 19(4), 699-727.
- Peteraf, M. A., & Barney, J. B. (2003). Unraveling the resource-based tangle. *Managerial and decision economics*, 24(4), 309-323.
- Prats, J., Sosna, M., & Velamuri, S. R. (2012). Managing in different growth contexts. *California management review*, 54(4), 118-142.

- Bastedo, M. N. (2004). Open systems theory. *Sage: Encyclopaedia of educational leadership administration*. Draft: April 28, 2004.
- Bougie, R., & Sekaran, U. (2019). *Research methods for business: A skill building approach*. John Wiley & Sons.
- Grant, R. M. (1991). The resource-based theory of competitive advantage: implications for strategy formulation. *California management review*, 33(3), 114-135.
- Sveiby, K. E. (2001). A knowledge-based theory of the firm to guide in strategy formulation. *Journal of intellectual capital*, 2(4), 344-358.
- Sergienko, I. V., & Sergienko, I. V. (2014). Information Technologies as Tools for Studying Complex Processes. *Topical Directions of Informatics: In Memory of VM Glushkov*, 47-104.
- Collis, D. J. (2019). Can you say what your strategy is?
- López-Gamero, M. D., Molina-Azorín, J. F., & Claver-Cortés, E. (2009). The whole relationship between environmental variables and firm performance: Competitive advantage and firm resources as mediator variables. *Journal of environmental management*, 90(10), 3110-3121.
- Brinkschröder, N. (2014). *Strategy implementation: Key factors, challenges, and solutions* (Bachelor's thesis, University of Twente).
- Hrebiniak, L. G., & Joyce, W. F. (2005). Implementing strategy: an appraisal and agenda for future research. *The Blackwell Handbook of strategic management*, 605-629.
- Zook, C., & Allen, J. (2001). *Profit from the core: Growth strategy in an era of turbulence* (Vol. 200). Boston, MA: Harvard Business School Press.
- Lorange, P. (1998). Strategy implementation: the new realities. *Long range planning*, 31(1), 18-29.

- Olson, E. M., Slater, S. F., & Hult, G. T. M. (2005). The performance implications of fit among business strategy, marketing organization structure, and strategic behavior. *Journal of Marketing*, 69(3), 49-65.
- Hermundsdottir, F., & Aspelund, A. (2021). Sustainability innovations and firm competitiveness: A review. *Journal of Cleaner Production*, 280, 124715.
- Hyginus, O. O., & Maria, O. O. (2019). Generic Business Strategy as Driver of Competitiveness in Organizations: A Study of Selected Mobile Telecommunication Companies in Lagos, Nigeria. *Journal of Business and Economic Development*, 3(3), 86-96.
- Parniangtong, S. (2017). *The competitive advantage of customer centricity*. Springer Singapore.
- Ford, J. D., & Ford, L. W. (2012). The leadership of organization change: A view from recent empirical evidence. In *Research in organizational change and development* (Vol. 20, pp. 1-36). Emerald Group Publishing Limited.
- Kane, T. D., Zaccaro, S. J., Tremble Jr, T. R., & Masuda, A. D. (2002). An examination of the leader's regulation of groups. *Small group research*, 33(1), 65-120.
- Shrestha, N. (2021). Factor analysis as a tool for survey analysis. *American Journal of Applied Mathematics and Statistics*, 9(1), 4-11.
- Otoo, F. N. K., Otoo, E. A., Abledu, G. K., & Bhardwaj, A. (2019). Impact of human resource development (HRD) practices on pharmaceutical industry's performance: The mediating role of employee performance. *European Journal of Training and Development*, 43(1/2), 188-210.
- Meru, J. M. (2015). Influence of competitive strategies on market share at safaricom limited (Doctoral dissertation, University of Nairobi).
- Joseph, A. A., & Eleojo, A. P. Applicability of sampling techniques in social sciences.
- Armstrong, M. (2009). *Armstrong's Handbook of Management and Leadership is a guide to managing for results*. Kogan.
- Israel, G. D. (1992). Determining sample size.

- Islami, X., Islami, V., Topuzovska Latkovikj, M., & Mulloli, E. (2019). Barriers hindering the entry of new firms to the competitive market and profitability of incumbents. *Management: journal of contemporary management issues*, 24(2), 121-143.
- Ocasio, W., & Joseph, J. (2008). Rise and fall-or transformation? The evolution of strategic planning at the General Electric Company, 1940–2006. *Long-range planning*, 41(3), 248-272.
- Kuswatuka, E., & Zimuto, J. (2019). An investigation of survival strategies employed by microfinance institutions for competitive advantage. *Business & Social Sciences Journal*, 4(2), 64-83.
- Ayaga, D., & Nnabuko, O. J. (2019). Competitive strategies and customer satisfaction in the telecommunications industry in Nigeria. *International Journal of Business and management review*, 7(1), 63-73.
- Harris, B., Plucker, J. A., Rapp, K. E., & Martínez, R. S. (2009). Identifying gifted and talented English language learners: A case study. *Journal for the Education of the Gifted*, 32(3), 368-393.
- Khorsheed, O. K. (2014). Produce low-pass and high-pass image filter in Java. *International Journal of Advances in Engineering & Technology*, 7(3), 712.
- Kothari, C. (2017). research methodology methods and techniques by CR Kothari. *Published by New Age International (P) Ltd., Publishers*, 91.
- Shahar, S., Omar, A., Vanoh, D., Hamid, T. A., Mukari, S. Z. M. S., Din, N. C., ... & Razali, R. (2016). Approaches in methodology for population-based longitudinal study on neuroprotective model for healthy longevity (TUA) among Malaysian Older Adults. *Aging clinical and experimental research*, 28, 1089-1104.
- Khalid, K., Abdullah, H. H., & Kumar M, D. (2012). Get along with the quantitative research process. *International Journal of Research in Management*, 2(2), 15-29.

- Saunders, M., Bristow, A., Lewis, P., & Thornhill, A. (2015). Research methods for business students (Chapter 4). *Understanding research philosophy and approaches to theory development*.
- Field, A. 2009. *Discovering statistics using SPSS*. 3rd ed. London: Sage Publications
- VandeCreek, L. M. (2005). Usability analysis of Northern Illinois University Libraries website: a case study. *OCLC Systems & Services: International digital library perspectives*, 21(3), 181-192.
- Rimita, K. N. (2019). *Leader readiness in a volatile, uncertain, complex, and ambiguous (VUCA) business en Elo, S., Kääriäinen, M., Kanste, O., Pölkki, T., Utriainen, K., & Kyngäs, H. (2014). Qualitative content analysis: A focus on trustworthiness. SAGE open, 4(1), 2158244014522633. environment* (Doctoral dissertation, Walden University).
- Meuleman, B., Loosveldt, G., & Emonds, V. (2015). Regression analysis: Assumptions and diagnostics. *The SAGE Handbook of regression analysis and causal inference*, 83-110
- Alexopoulos, E. C. (2010). Introduction to multivariate regression analysis. *Hippokratia*, 14(Suppl 1), 23.
- Arasa, R., & Gathinji, L. (2014). The relationship between competitive strategies and firm performance: A case of mobile telecommunication companies in Kenya.

## **APPENDIX**

**Addis Ababa University**  
**College Of Business and Economics**  
**Masters of Business Administration**  
Questionnaires For the Management

**Dear Sir/Madam**

My name is Meron Sahle Woldemariam. I am a student at **Addis Ababa University** in the **College of Business and Economics, Management Department**, and I am undertaking "MBA Thesis" on the topic “**Analysis of Competitive Strategies Adopted by Safaricom Ethiopia to Get Market Leadership in The Ethiopia Telecom Market**”. I kindly request your cooperation to complete the attached questionnaires. The purpose of the study is purely academic and is not in any way an attempt to intrude on your privacy, and your responses are very confidential. Your genuine, frank, and timely response is vital for the success of the study.

Therefore, I kindly request you to respond to each question item carefully and politely.

### **General Instructions**

- There is no need of writing your name

- Where answer options are available, please tick (√) in the appropriate box for

**Contact Address:** If you have any queries, please do not hesitate to contact me and I am available at your convenience at (Mobile: 0907-73-47-77 or e-mail: meronsahle707@gmail.com)

Thank you for scarifying your precious time in advance!

## Section A: Demographic information

1. Gender

Male  Female

2. Age

18 -30 years  31 – 40 years  41 years – 50 years  Above 50 years

3. Marital Status

Single  Married  Divorce  Widowed

4. Within the company, I belong to... (Please select only one)

Administration  Marketing  Research and Design   
Technology  Strategy and Planning  Human Resource  Finance

5. Educational qualification

Diploma  Undergraduate  Master's degree  Doctorate

6. For how long have you been working at Safaricom?

Less than 1 month  1 to 3 months  3 to 6 months  6 to 7 months   
Above 7

## Section B: Competitive Strategies

Please indicate your level of agreement or disagreement with the following statement concerning the competitive strategy of Safaricom. Kindly fill in the symbol (√) in the relevant field for your response.

**5 = strongly agree, 4 = Agree, 3 = Neutral, 2 =Disagree, 1 = Strongly disagree**

	<b>Cost leadership</b>	5	4	3	2	1
1	<b>The cost leadership strategy helps Safaricom Ethiopia enhance its market share.</b>					
2	The company uses low prices for its service to increase market share					
3	The company provides comparable services and products to those of its rivals but at a cheaper cost					
4	The company thinks that customers are more concerned about price than anything else					
5	Charging a lower price does not undermine quality service					
	<b><u>Differentiation</u></b>	5	4	3	2	1
	<b><u>Innovation</u></b>					
1	The company's innovation strategy is focused on developing unique products or services that set it apart from its competitors					
2	The company will always be ahead of competitors in product and service innovation					
3	The company invests in research and development to create innovative products or services that meet the evolving needs of its customers					
4	The company regularly uses its core technological competencies to operate in new markets.					
5	The company actively seeks out and adopts new technology					
	<b><u>Quality</u></b>					
6	The company's products and services are known for their high quality, which sets them apart from their competitors					
7	The company's quality standards are regularly reviewed and updated to ensure they remain relevant and effective					
	<b><u>Branding</u></b>					
8	The company's brand is distinct from that of its competitor, which helps it stand out in the market					

9	The company puts more emphasis on a product image in its marketing communication than anything else					
<b>Advertising</b>						
10	The company places major emphasis on prior analysis of market needs to adapt its products and services to meet them if necessary					
11	The company regularly change marketing and advertisement strategy to get high customer retention					
<b>Focus</b>		5	4	3	2	1
1	Safaricom uses a Focus strategy					
2	Safaricom's Ethiopia focus on market segments to enhance Safaricom's competitive advantage					
3	Safaricom Ethiopia focuses on cost-sensitive customers using cost-varying products and services					
4	Safaricom's strategy is to focus on high-quality, higher-priced products for consumers who prefer to pay more to get premium products and services					
5	Safaricom's focus on innovation to ensure that they are offering the best products and services					
<b>Corporate Growth</b>		5	4	3	2	1
1	The corporate growth strategy helped the company a lot in meeting corporate objectives					
2	The company Creates horizontal organizational mechanisms to facilitate interrelationships among the core businesses for future related diversification					
3	Safaricom Ethiopia's corporate growth strategy encompasses its market penetration strategy					
4	Safaricom Ethiopia has been expanding its market share in its existing market through market penetration strategies					
5	The company's corporate objective is the same compared with your competitors in the market					
<b>Policy and Regulation</b>						
1	The company believes that the policies and regulations governing the telecom industry in Ethiopia are transparent and easy to understand					
2	The company is aware of the policies and regulations governing the telecom industry in Ethiopia					

3	The company believes that government policies and regulations have a significant impact on the competition in the telecom market in Ethiopia					
4	The Ethiopian Communications Authority (ECA) is effective in regulating the telecom industry in Ethiopia					
5	The government can support the development of a more competitive and innovative telecom industry in Ethiopia					

**Regarding the level of Market leadership, kindly fill in the symbol (√) in the relevant field. The item scales are five-point Likert scale**

**1 = Significant decrease, 2 =Decrease, 3=Same as before, 4=Increase, 5=Significant increase.**

<b>Market Leadership</b>		1	2	3	4	5
1	Interim Sales growth					
2	Overall competitive position in the market					
3	Effectiveness of market share					
4	Status of customer retention is effective					
5	Operation efficiency					

### **Section C: Qualitative Questions**

**The competitive strategies used by Safaricom Ethiopia to gain market leadership in the Ethiopian telecom Industry are covered in this section.**

1. What are the current strategies used by Safaricom Ethiopia?
2. Who formulates and implements competitive strategies at Safaricom Ethiopia?
3. How are the strategies geared towards achieving competitive strategies in your company?
4. Do you consider the competitive strategies adopted by Safaricom Ethiopia to be proactive or reactive to changes in the external environment?

**Section B: This section discusses the challenges of bringing competitive strategies into practice to gain market leadership in Ethiopia.**

1. What are the challenges you have experienced in implementing the strategies geared to increase the market share of Safaricom in the telecom market?
2. How is the company dealing with the challenges?
3. In your opinion, are the organization structure and resources properly aligned to contribute to the achievement of the competitive strategies?
4. What kind of strategies can you suggest to make Safaricom Ethiopia the market leader and be competitive consistently?