Influence of Differentiation Strategies on Performance of Listed Mobile Network Operators in Nairobi City County, Kenya

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Abstract- The purpose of this study was to find out the effect of differentiation strategies on the performance of listed mobile network operators in Kenya. Questionnaires were used as the primary data collection tool and the data collected was analyzed using Multiple regression analysis (standard), descriptive analysis (means and standard deviations) and inferential statistics. The population size was 950 management staff of Safaricom PLC's. The sample size was 281 respondents. Multiple regression equation was used to analyze data and with aid of SPSS version 21.0. The study found out that Service Differentiation strategy was statistically significant in influencing performance of listed mobile network operators in Nairobi City County, Kenya. The study also found out that Quality Differentiation strategy was statistically significant in influencing performance of listed mobile network operators in Nairobi City County , Kenya.

Index Terms- Innovation differentiation strategy, Service differentiation strategy, marketing differentiation strategy, quality differentiation strategy, performance

I. INTRODUCTION

Glueck (1982) argues that strategy refers to the integrated, comprehensive and unified organization's plan that relates to the firm's strategic advantages. It can also be stated as the scope and direction of a firm over a long period which offers advantages to the organization by utilization of its pattern of means within a challenging setting (Porter, 1996).

Strategies are the key ingredients toward the achievement of competitive advantage. Amadeo (2018) defined the term competitive advantage as all the things that make a firm's services or goods, which make it be ahead of all the other choices presented to a customer. Having a competitive advantage makes a business to create higher value for its market and excellent revenues for itself (Huang et al., 2015). Kim and Mauborgne (2014) define competitive strategies as the manner in which a firm might attain the competitive edge in its market. Therefore, a competitive strategy needs to arise out of a clear understanding of the competition rules, which determine the industry's attractiveness (Salavou, 2015).

Porter (1985) asserted that there exist two main categories of competitive advantage: differentiation and cost leadership. Observed studies about the impact of marketing strategy on business profit indicate that businesses with a bigger market share were always profitable, unlike enterprise with a small market share. Firms with very small market share had the least profits (Tanwar, 2013).

Differentiation strategy is one of the commonly used approaches by firms. Differentiation strategy is exhibited when a firm employs its industry uniqueness in ways that are commonly valued by its customers (Valipour, Birjandi & Honarbakhsh, 2012). Under the plan, the business uses one or more features that most buyers across the business view it to be essential and unique. The firm then aligns itself to meet those customers' needs. The firm then benefits from the uniqueness with a premium price.

A firm employing a differentiation strategy does not ignore costs (Zehir, Can & Karaboga, 2015). A business that attains and maintains differentiation turn out to be a great performer in a business ecosystem if its price premium exceeds the extra price incurred for it to be unique. Deshpandé, Grinstein and Ofek (2012) stated that an effective differentiation strategy lets a firm to provide a service or product perceived by buyers as of higher value at a differentiation amount lower than the premium value to buyers. The buyer then finds that the extra cost of buying a service or product is quite below its value in comparison to the available substitutes.

Awino et al. (2011) argued that product differentiation and strategic management are the factors, which provides a business the background whereby business strategy can be defined, understood and after that implemented. The differentiation of service through the offering of incentives to customers would lead to the attraction of new customers while retaining the existing customer base. Some methods of service differentiation include offering coupons, giveaways, volume discounts, and sales promotion (Kamau, 2013). Most firms utilize on ways that ensure that the managerial and front staffs offer good services and provide excellent customer experience by maintaining an inspired staff.

The concept of performance is multidimensional and it encompasses fundamentals like; social performance (customer and employee satisfaction), performance of the economy(profit, productivity, sales), social performance (through adoption of

conduct names based on the consideration of existing ethics), or legal performance (through upholding of existing laws and regulations) (Hernant, 2009). The strategies adopted by business have a direct impact on its performance (Mutuku, 2005).

According to Hunger and Wheelen (1995), strategies involve as a set of different management and stakeholders, and they are required to use various performance indicators to assist them in decision making. They further state that strategies, which involve a combination of managerial actions and decisions, define the business' success in the end. Organization's performance takes different forms depending on what and whom the score is meant for. Manyuru (2005) stated that shareholders need various performance indicators to assist them to make correct decisions about the business.

In Kenya, there is so far only one listed mobile network operator; Safaricom PLC. Safaricom was established in 1997 as a private limited liability company in compliance with the Companies Act to offer communication services. In 2002, the Government of Kenya acquired 60% shares in Safaricom resulting to it becoming a public company. The government then sold 25% of its shares to the public which made Safaricom cease being a state corporation (Kasuni, 2016).

Safaricom offers services in five main functions namely; mobile money transfer, mobile data, voice communication, mobile banking, and messaging services. All these services are channeled to customers through Safaricom Broadband. According to the recent sector statistics report by the Communication Authority of Kenya, Safaricom leads in the converged communications solutions category. Safaricom has wider network coverage in the country, a subscriber base of more than 29.5 million, and commanding a market share of 65.4%.

According to Safaricom Sustainability report 2017 Safaricom employs over 5,085 staff directly and more than 500,000 indirectly, and has about 4,677 base stations nationwide, it has the largest call center in African (Kasuni, 2016). Safaricom is also leading in the mobile money transfer service. The money transfer service Mpesa is used by over 17 million subscribers and has a population of outlet agents of over 79,000. Mpesa is the most advanced and largest mobile payment system worldwide (Mukami, 2016).

The mobile money service facilitates payments, money saving, receive/send money by both local and international subscribers. Additionally, Mpesa has facilitated a cashless economy by enabling customers to transact financial service with business-to-business and commercial banks at a touch of the button. Safaricom is also the major supplier of the Internet to both individuals and businesses. Across the country. Notwithstanding the stiff competition from both Airtel (K) and Telkom (K), Safaricom still manages to provide secure, reliable and high-speed internet connectivity (Kasuni, 2016).

Safaricom PLC is facing a high threat of new entrants that compete with its products such as Jamii Telecommunication that offers fiber internet that competes with the Safaricom data products. Besides, there has been a proliferation of price wars by its rival, Airtel Kenya. Other disruptive technologies such as WhatsApp calls and messenger threaten the future of Safaricom company voice products. The emergence of visa transactions (M-Visa) also is a threat to mobile money products offered by Safaricom. Besides, Safaricom has suffered, in the recent past,

negative severe political influences such as the recent resistance by NASA against some companies, Safaricom being one of them (Githinji, 2017).

Kasuni (2016) argues that Safaricom Company faces many threats such as competition from rivals, global changes, tough regulatory requirements, political risks, unfavorable economic climate, unethical practices and environmental conservation issues such as the green aspect which it violates by the paper tokens (airtime). Inadequate attention to these challenges might result in the fall of Safaricom PLC which is the current market leader in the telecommunication and technology industry in Kenya.

Arasa and Githinji (2014) argue that differentiation strategy is the only means of achieving and maintaining market leadership. It is through differentiation that a specific firm earns revenue above the average since the existing brand loyalty makes customers less sensitive to price (Arasa & Githinji, 2014). Whereas many studies have barely studied generic strategies (focus strategy, price leadership, and differentiation), those studies have not provided in-depth evidence on the influence of the various differentiation strategies (quality differentiation, innovation differentiation, marketing differentiation, and service differentiation) on performance.

Afande (2015) researched on firm performance and competitive strategies utilized by mobile network operators in Kenya. Ameer and Othman (2012) studied the performance of corporate financial status and sustainability practices of top global corporations. Arasa and Githinji (2014) determined the relationship between business performance and competitive strategies of mobile network operators in the country. On the other hand, Mutunga and Minja (2014) investigated the competitive strategies used by fast food firms and their consequences on the viable competitive advantage in Kenya. These studies have failed to determine the influence of differentiation strategies on the performance of listed mobile network operators in Nairobi County, Kenya. Therefore, the study aimed to fill the gap by determining the influence of differentiation strategies on the performance of listed mobile network operators in Nairobi County, Kenya.

The general objective of the study was to determine the effect of differentiation strategies on the performance of listed mobile network operators in Kenya. The specific objectives were: to determine the influence of innovation differentiation strategy on the performance of mobile network operators in Kenya, to establish the influence of service differentiation strategy on the performance of mobile network operators in Kenya, to investigate the influence of marketing differentiation strategy on the performance of mobile network operators in Kenya and to find out the influence of quality differentiation strategy on the performance of mobile network operators in Kenya.

II. LITERATURE REVIEW

2.1 Innovation Differentiation Strategy

Businesses may utilize information systems to recognize and come up with new services and products or/and to advance new markets to fundamentally alter the existing business processes through automation which is the use of simulation and

digital modeling of the design of the product to minimize the cost and the time to the market (Chui & Fleming, 2011). They may also use some innovative ways of establishing online operations.

Telecommunications and the Internet service providers offer better opportunities and capabilities for innovation concurrently. The two good examples are open innovation and combinational innovation. Firms need to recombine and combine networks components to foster innovation due to the extensive and expensive components of the systems (Li, Da Xu & Zhao, 2015). In the meantime, most people are connected through laptops, computers and mobile devices via cellular networks or cabled connections. Therefore, a wide range of prospects to create with internal people, customers and external partners exists.

Lichtenthaler, Hoegl & Muethel (2011) stated that open innovation underscores the efforts of an organization in collaborating and engaging with its partners and external sources in its process of innovation. The greatest barrier to a firm's open innovation is the attitude of the workforce of not-sold-here and not-invented-here. They observed that strategies to deal with such negative tendencies consist of open communication about innovative strategy across the firm. The emphasis should be on the advantages of opening up the process of innovation to external expertise, proved good management support and coming up with incentive systems. Furthermore, nurturing an open innovation ecosystem by working on business structure and culture will improve the experience.

The convenience and ease of access to the Internet by mobile phones are important. Gikas and Grant (2013) identified that intelligence mobility makes it worthy to customers. An instance of such occurrence can be demonstrated when a customer access different information, like finding directions, inquiring on account balances, making the online payment and tracking the stock market. The mentioned factors drive the requirement of having high-speed data connections to enhance mobile commerce (Yadav, Sharma & Tarhini, 2016).

2.2 Service Differentiation Strategy

Ochako (2007) researched strategic management performance by mobile network operators in Kenya with a keen focus on service differentiation. Muthangya (2007) reviewed the strategic reaction to the competitive ecosystem with Safaricom as the case. The study revealed that Safaricom used the three of Porter's generic strategies to respond to competition.

Olunga (2007) did further research on Safaricom's innovative ways to deal with competition in the industry. The outcome of the study revealed that Safaricom countered competition by investing in unique and new products that are driven by the market and by using correct distribution channels. Another study conducted by Rumba (2008) to find out the strategic responses by mobile network operators revealed that the businesses reacted by implementing several competitive strategies such as differentiation and cost leadership.

Kotler & Keller (2012) stated that differentiation comprises of developing a brand which is seen as being distinctive and unique when compared to existing ones and it is also a process of making significant differences which makes offers of a company to be distinct from those of competitors. Numerous researches have been conducted on competitive strategies in various sectors and context in Kenya. Research on competitive strategies employed by petroleum businesses established that service stations employ differentiation as a way of getting the competitive advantage over other stations (Murage, 2011).

2.3 Marketing Differentiation Strategy

Market strategy is the influence which marketing management contributes to the business strategy development. It comprises senior management contributions on the external and internal marketing ecosystem and involves the shared financial and competitive decision-making. Market strategy is a form of corporate strategy which focuses on the market (Belleflamme & Peitz, 2015).

Strategic marketing key focus is to recognize viable competitive benefits for the firm (Aaker & McLoughlin, 2010). It infers that in mobile network operations, strategic marketing aims to recognize viable competitive benefits for a particular telecommunication business. Strategic marketing involves strategic alternatives to develop marketing strategies, which act as an innovative basis for business strategy's development. It is achieved by renewing the understanding of intelligence efforts and strategic competitive benefits.

Businesses need competitive benefits which place them to be exclusively different and are viable compared to their opponents which will enable them to survive in a hard competitive environment (Mithas, Tafti & Mitchell, 2013). In simple terms, it implies that to survive, telecommunications business like Safaricom will need competitive advantages which place them exclusively different and are sustainable over their opponents.

More customers are using electronic ways for purchases since the e-commerce business is growing rapidly. Therefore, businesses need to cultivate e-commerce relationship management strategies by embracing ICT. Goetsch and Davis (2014) highlight that the effective plan is not to copy competitors but instead change the game rules. They are of the view that successful businesses enjoy their success since they modify game's rule.

2.4 Quality Differentiation Strategy

Booth, Roberts & Sikes (2011) observed that differentiating by use of quality service and superior quality is a key strategy that top players can adapt with the resources or capability, such as technology, people, and processes to regularly outdo others in the sector. Firms can utilize information systems to reduce differentiation advantages of competitors and come up with differentiated features. Examples of such features include the use of social networks and live chatting tools to serve and understand better customers.

Other ways involve using techno-quality to create intermediaries to improve the stickiness of customers to their website and provide value-added service (Booth, Roberts, & Sikes 2011). Moreover, other firms use established and advanced features for online jobs to offline performance to improve advertising.

David (2009) asserts that effective competitive advantage founded on differentiation results to a product that surpasses the expectations of the customer and provides additional quality to

validate the higher cost and that the product is resource consuming and expensive to duplicate. Johnson et al. (2011) points that differentiation strategy embroils distinctiveness in doing something that customer's value, and it allows a price premium

The research of Nakuru supermarkets revealed that more competition is causing the business to differentiate their services and products to get maximum performance of their sales (Kamau, 2013). He observed that in a dataset of eleven supermarkets that comprised technical officers, production life staff and branch managers, physical differentiation and product differentiation and physical differentiation are critical in triggering performance of annual sales when compared to service differentiation.

2.5 Performance of Listed Mobile Network Operators in Nairobi County, Kenya

According to Mutunga and Minja (2014), profitability is the best indicator of business performance. However, obtaining such information from unlisted and public companies is hard since it is regarded as the guarded secret that is not availed to the public. Gruber, Heinemann & Bretel, (2010) observed that respondents prefer the use of performance measures because objective measures like profits or revenues are regarded as confidential.

The utilization of multi-dimension criteria based on the perceived performance of a firm further enhances comparison across businesses and contexts like time horizons, economic conditions and across (Gruber et al., 2010). They affirm that prior researches confirmed that the perceived performance measures are likely to correlate with objective pointers that support their cogency.

2.6 Critique of Literature and Gaps

Stones (1995) researched business performance due to competitive strategies. However, his study failed to address the competitive strategies' effects on the performance of multinational corporations. Further, the study did not focus on the various differentiation strategies and how they influence the performance of listed mobile network operators in Nairobi County, Kenya.

Richard and Wittington (2001) did not examine the effect of organizational structure and competitive strategies on performance neither did they research if the structure of an organization has an effect on the interrelation between competitive performance and strategy. The research used a descriptive and casual research design in determining the source- and –result relationships among organizational structure, performance and competitive strategies based on earlier researches. Business structure was determined to affect the correlation between behavioral performance and these strategies. Conversely, the outcomes of the present research show that the structure of an organization bears no influence on the correlation between behavioral performance and brand image strategy.

Most of the existing literature has explored the competitive strategies that different organizations adopted. Mutunga and Minja (2014) studied competitive strategies used by beverage and food companies in Kenya and their effects on the viable competitive advantage. Ochako (2007) researched strategic management schemes employed by mobile network operators in Kenya. Muthangya (2007) reviewed the strategic reaction to the competitive environment by focusing on Safaricom.

Most of the reviewed studies have been conducted on the context of developed nations, thereby exposing the existence of very limited research on the context of developing nations (Chui & Fleming, 2011; Li, Da Xu & Zhao, 2015; Lichtenthaler, Hoegl & Muethel, 2011; Johnson et al., 2011; David, 2009) amid more others.

Thompson et al. (2008) and Datta (2009) failed to examine how the differentiation strategies can successfully be interrelated to the performance of an organization by use of critical strategic practices. Allen et al. (2006)'s study did not determine the significant competitive practices, which defines particular generic strategy clearer nor did they identify the crucial competitive practices that are intensely connected with particular generic strategy's performance.

The above studies have not sufficiently explored the effect of differentiation strategies on the performance of listed mobile network operators in Nairobi County, Kenya. There is no consensus as to the influence of the various differentiation strategies on the performance of organizations. The study purposed to fill the gap by determining the effect of differentiation strategies on the performance of listed mobile network operators in Nairobi County, Kenya.

III. RESEARCH METHODOLOGY

The research employed descriptive research design. It is normally structured and precisely intended to gauge the features outlined in a research question (Kothari, 2010). Mugenda and Mugenda (2008) asserted that descriptive statistics allow significant explanation of measurements by use of minimal statistics.

Descriptive research is a depiction of the state of affair's existence (Remler & Van Ryzin, 2014). Griffin (2010) suggests that descriptive analysis describes characteristics of people, environment, objects, groups, or organizations. Descriptive research tries to expound about a particular situation by addressing when, who, where, how, and what questions.

Kothari (2010) defined population as all organizations and individuals which constitute a study universe. Target population defines the complete collection of populace, proceedings, or matters that are of interest to which the researcher desires to probe; the populace shapes a foundation in which the sample amount or the study will be chosen from (Mugenda & Mugenda, 2008). A population of 950 management staff of Safaricom Company was used for this study. According to Safaricom Kenya's human resource records (2017), there are a total of 950 senior and middle management staff working at Safaricom PLC.

It is the list out of which the population is drawn (Kothari, 2004). From the definition, sampling size goes beyond mentioning the population towards quoting the source of the population itself. This study's population was drawn from the headquarters office of Safaricom Company's personnel department which has all the records of employees and out of which this study got informed of the total target population of 950 senior and middle management staff working at Safaricom PLC.

A sample is a small representation of the target population collected for analysis. Orodho (2012), stated that all declaration made concerning the sample must be factual about the target population. Sampling is carried out to save money, fasten data collection procedure, the better correctness of findings and accessibility of population basics (Cooper & Schindler, 2012). Mugenda and Mugenda (2008) asserted that 10 to 30% of the population is enough for sampling. The sample size was 281 respondents as determined using Slovin's formula of samples shown below:

$$n = \frac{N}{1+Ne^2}$$

n=N / (1+Ne^2)

Where:

n=Number of samples

N= Total population

e= Error tolerance

Therefore: 950/ (1+950 x 0.05^2) = 281

The study utilized primary data collected by the use of questionnaires. A questionnaire entails of questions which are either open-ended or closed-ended. Mugenda and Mugenda (2008) asserted that structured items denote questions with a list of all likely substitutes where respondents select the answer that describes their circumstances. A questionnaire enables the researcher to obtain a large quantity of data inexpensively from a wide range of participants sometimes spread extensively in a geographic space. The respondents will have enough time to think about the questions and will give well-thought answers (Kothari, 2010). The questionnaire will be divided into two parts. Part A will cover information regarding the background information while Part B will cover information regarding the study objectives.

The primary data collection tool for the study was by the questionnaire due to the study's focus on primary data. Questionnaires were semi-structured to have both close-ended and open-ended questions to allow the maximum collection of data. Questionnaires were being divided into three sections. The first sections were offered questions on background information. The second section provided the research questions. The Likert scale rating was used in structured questions. The range was from 1 to 5, whereby 1= Strongly disagree; 2= Disagree; 3= Neutral; 4= Agree; 5=Strongly agree. Questionnaires are desired due to their easiness in administration besides being cost and time effective (Kothari, 2004),

The questionnaires were administered by aid of trained research assistants. The research assistants were required to explain the questionnaire requirements to the respondents to guide them where necessary when filling the questionnaire and interpret to them questions which may not be well understood to them. The research used 281 questionnaires to respondents. Respondents were assured of the confidentiality of the information they provide and that the information was used only for the purpose of research.

A pilot test was carried to test the research instruments' validity and reliability. The preliminary study involved distributing limited research tool's samples to the respondents for them to provide understanding and response to the questions. The pilot test will constitute 35 respondents who are 10% of the sample size as recommended (Mugenda & Mugenda, 2008). Any irrelevant and ambiguous information in the questionnaire were noted and modified to enhance validity. Participants were required to provide feedback on the questions' clarity.

Validity is the degree to which interpretations made based on scores which are useful, appropriate, and meaningful. The study's validity was evaluated based on the population, characteristics, and purpose of the environment where measurement took place (Britt, 2006). Validity is a critical criterion which points to what an instrument is supposed to measure (Kothari, 2004).

Kombo and Tromp (2006) assert that internal consistency reliability should be conducted after the construction of all items. The Cronbach alpha test was used to test for reliability of this study. According to Boudens and Abbott (2005), when the alpha coefficient of correlation is equal to or greater than 0.7 then the questionnaire can be used in the study. Field (2014) who contents that an alpha value of at least 0.70 is good for a dependable research instrument also supports the same observation.

Data analysis is the process of structuring, ordering and providing sense to data that has been collected (Mugenda & Mugenda, 2010). All data that will be collected will be edited to enhance completeness and accuracy, and then items will be scored and coded. Multiple Regression Analysis (Standard), Descriptive Statistics (means and standard deviations) and inferential statistics were used to analyze data. SPSS software (version 21.0) was adopted to assist in data analysis and presentation. The following regression model was used to analyze the data:

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

Y_i = Performance of listed mobile network operators in Nairobi County, Kenya

X1= Innovation Differentiation Strategy

X2= Service Differentiation Strategy

X3 = Marketing Differentiation Strategy

X4 = Quality Differentiation Strategy

β_0 = Intercept

β_1 To β_4 = Coefficient

ε = error term

Collected data was presented in the form of charts and tables.

The study performed several preliminary diagnostic tests in view of multiple regression analysis.

.3.9.1 Normality

The Shapiro-Wilk W-Statistic test is considered to be among the most objective tests of normality (Royston, 1992).

This study used Shapiro-Wilk test to test for normality owing to its usefulness in comparing two samples to see if they arise from the same distribution.

3.9.2 Multicollinearity

Multicollinearity is state of very high inter-correlations or inter-associations among the independent variables. Statistical inferences made about the data may not be reliable if present in the data (Brook, 2008). Two collinearity diagnostic factors can help identify multicollinearity namely variance inflation factor

(VIF) and Tolerance (Gordon & Frye, 2002). The study is used variance inflation factor (VIF) and Tolerance to test for Multicollinearity.

IV.   DATA ANALYSIS, PRESENTATION, AND INTERPRETATION

4.1 Response Rate

The study targeted a population size of 281 respondents out of which 180 filled in and returned the questionnaires making a response rate of 64%. According to Pinsonneault and Kraemer (1993) the total response rate was above the 51 percent response threshold for questionnaire surveys in social sciences and hence the use of the collected data was considered reliable for this study.

4.2 Reliability Statistics

The study used Cronbach's alpha coefficient to test for reliability of the instrument as indicated in the table below.

Table 4 1: *Reliability Statistics*

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.941	.592	180

Source: Survey Data (2018)

The result shows an overall Cronbach's Alpha value of 0.941. The research instrument was therefore considered as reliable since it surpassed the minimum threshold of 0.7.This is consistent with Field (2014) who contents that an alpha value of at least 0.70 is good for a dependable research instrument also supports the same observation.

4.3 Background of the Respondents
4.3.1 Gender of respondents

The respondents were asked to indicate their sex to make the study gender sensitive. Their response is indicated in the table below.

Table 4 2: *Gender of respondents*

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	81	45.0	45.0	45.0
Female	99	55.0	55.0	100.0
Total	180	100.0	100.0	

Source: Survey Data (2018)

The research study sought to establish the respondent's gender distribution. From the findings above, the females were slightly above at 55% while the males at 45%. This implies that the research was gender senstive.

4.3.2 Age bracket of respondents

To assess the responsibility of the respondents, the respondents were requested to give their age, and the responses were as below.

Table 4 3: *Gender of respondents*

	Frequency	Percent	Valid Percent	Cumulative Percent
20-25	14	7.8	7.8	7.8
26-30	39	21.7	21.7	29.4
31-35	52	28.9	28.9	58.3
36-40	40	22.2	22.2	80.6
41-45	26	14.4	14.4	95.0
Above 45	9	5.0	5.0	100.0
Total	**180**	**100.0**	**100.0**	

Source: Survey Data (2018)

Findings in the table above indicates that 7.8% of the respondents were between the age of 20-25 years,21.7% were between 26-30 years,28.9% were between 31-35 years, and 22.2% were above 36-40 years, 14.4% were between 41-45 years, and 5% were above 45 years. This implies that all the age brackets were represented in the study.

4.3.3 Education information.

To be sure of the quality of the information given, the respondents were requested to provide their level of education, and the response is portrayed below.

Table 4 4: *Academic qualification*

	Frequency	Percent	Valid Percent	Cumulative Percent
Diploma	18	10.0	10.0	10.0
Degree	96	53.3	53.3	63.3
Masters	59	32.8	32.8	96.1
PhD	7	3.9	3.9	100.0
Total	180	100.0	100.0	

Source: Survey Data (2018)

Findings in Table 4.6 indicate that a small number of respondents were highly educated this is shown by the 3 % of respondents who had PhD, 10% were Diploma holders, 32.8% were master's Degree Holders, however, 53.3% of the respondents which is the majority were degree holders. By their education structures the researcher might assume that they know what the differential strategies are for listed Mobile network in Kenya. This implies that the respondents we informed and well educated to respond to the research questions.

4.3.4 Duration in Employment
As a precondition to assess the reliability of the data collected, the respondents were requested to indicate the period they have worked with the organization. Their response was as given below.

Table 4 5: *Work Experience*

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than one year	12	6.7	6.7	6.7
Between 2-3 years	34	18.9	18.9	25.6
Between 4-5 years	49	27.2	27.2	52.8
Between 6-7 years	44	24.4	24.4	77.2
Between 8-9 years	30	16.7	16.7	93.9
Above 10 years	11	6.1	6.1	100.0
Total	180	100.0	100.0	

Source: Survey Data (2018)

From the analysis in the table above, 6.7% have served the organization for less than one year, 18.9% between 2-3 years, 27.2% between 4-5 years ,24.4% between 6-7 years,16.7% between 8-9 years and 6.1% have served the organization for more than 10 years. This implies that the ability of the respondents to know more about the work technicalities and hence more capacity to respond to the questions more appropriately.

4.4 Normality Test
The study used Shapiro-Wilk to test for Normality of the residuals as shown in the table below.

Table 4 6: *Tests of Normality*

Shapiro-Wilk		
Statistic	Df	Sig.
.920	180	.539

Source: Survey Data (2018)

The P-Value is greater than 0.05, so the is no evidence of significance deviation from normality of the residuals.

4.5 Tests of Multicollinearity

Kennedy (1992) recommends 10 as the maximum levels of VIF acceptable in measuring Multicollinearity. The table below provides the Output of Multicollinearity test using Tolerance and VIF.

Table 4 7: *Tests of Multicollinearity*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics
	B	Std. Error	Beta			VIF
(Constant)	.068	1.598		.042	.966	
Innovation Differentiation	.974	.335	.198	2.908	.004	1.274
Service Quality	.911	.334	.191	2.732	.007	1.338
Marketing Differentiation	.957	.209	.312	4.580	.000	1.271
Quality Differentiation	-2.025	.296	-.474	-6.835	.000	1.318

a.   **Dependent Variable: Performance**
Source: Survey Data (2018)

The VIF Value obtained is between 1 and 10, it can be concluded that there are no Multicollinearity symptoms.

4.6 Descriptive Statistics
This section consists of descriptive findings on the dependent and independent variables as used in the study. Descriptive statistics enable the description of the distribution (mean) and variation (Standard deviation) of responses of the target population as well as allowing the researcher to determine average scores on the variables used in the study.

4.6.1 Innovation Differentiation Strategy
To find out, influence of innovation differentiation strategy on the performance of mobile network operators in Kenya the respondents were asked their opinion on the statements below. The response observed was as follows:

Table 4 8: *Statement in relation to Innovation Differentiation Strategy*

	N	Min	Max	Mean	Std. Dev.
Mshwari innovations have contributed to increased market share by Safaricom company in the telecommunication market.	180	3	5	4.18	.670
Mpesa innovations have contributed to increased market share by Safaricom company in the telecommunication market.	180	3	5	4.32	.576
Innovations to produce lower denominations of airtime e.g. Ksh 20, 10 or even Ksh 5 has resulted to increased market share as many customers can afford Safaricom company's voice and data products.	180	3	5	4.21	.699
Competitively packaged data products have attracted more customers thereby increasing the market share of Safaricom company in Kenya.	180	2	5	3.75	.915
Innovation differentiation has contributed to increased market share by Safaricom thereby contributing to increased profitability of the company in the industry.	180	2	5	4.04	.797
Valid N	180				

Source: Survey Data (2018)

Majority of the respondents are in agreement that Mshwari innovations have contributed to increased market share by Safaricom Company in the telecommunication market with a computed mean of 4.18 and standard deviation of .670.According to most respondents, Mpesa innovations have contributed to increased market share by Safaricom Company in the telecommunication market. Majority of the respondents are in agreement that market share of Safaricom have due to increased Innovations to produce lower denominations of airtime e.g. Ksh 20, 10 or even Ksh 5 as many customers can afford Safaricom company's voice and data products. Most respondents also agree that competitively packaged data products have attracted more customers thereby increasing the market share of Safaricom

Company in Kenya. Majority of the respondents are also in agreement that the Innovation differentiation has contributed to increased market share by Safaricom thereby contributing to increased profitability of the company in the industry. The result is consistent with Lichtenthaler, Hoegl and Muethel (2011), stated that open innovation underscores the efforts of an organization in collaborating and engaging with its partners and external sources in its process of innovation.

4.6.2 Service Differentiation Strategy
To find out, the effectiveness of service differentiation strategy respondents were asked their opinion on the statements below. The response observed was as follows:

Table 4 9: *Statement in relation to Service Differentiation Strategy.*

	N	Min	Max	Mean	Std. Dev.
Employing competent staff by Safaricom company contributes to increased service quality and thus increased market share.	180	3	5	4.21	.693
Supervision of front office staff results in more quality services which contribute to increased market share.	180	1	5	3.30	1.118
Dedicated call centers foster more customer satisfaction thereby creating more retention and increased market share.	180	2	5	3.98	.801
The strong and accessible Safaricom company's network has resulted in increased loyalty and growth of the company's market share.	180	2	5	4.04	.797
Prompt response by Safaricom's customer care staff has resulted in satisfied customers and growth in the company's market share.	180	3	5	4.31	.570
Valid N	**180**				

Source: Survey Data (2018)

The majority of the respondents are in agreement that prompt response by Safaricom's customer care staff has resulted in satisfied customers and growth in the company's market share. It is also agreed that employing competent staff by Safaricom Company contributes to increased service quality and thus increased market share. Most of the respondents are in agreement that the strong and accessible Safaricom Company's network and dedicated call centers foster more customer satisfaction thereby creating more retention and increased market share. However, most respondents are indifferent on supervision of front office staff results in more quality services which contribute to increased market share. The result is consistent with Muthangya (2007) who reviewed the strategic reaction to the competitive ecosystem with Safaricom as the case study. The study revealed that Safaricom used the three of Porter's generic strategies to respond to competition.

4.6.3 Marketing Differentiation Strategy

To find out, the effectiveness of the marketing differentiation strategy respondents were asked their opinion on the statements below. The response observed was as follows:

Table 4 10: *Statement in relation to Marketing Differentiation Strategy*

	N	Min	Max	Mean	Std. Dev.
The unique Safaricom brand name has differentiated it from its competitors in the market.	180	3	5	4.32	.576
Market segmentation by Safaricom company has ensured that the market needs of every client is met thereby enhancing more customer retention and increased market share.	180	3	5	4.02	.762
Bundle pricing (giving combined costing e.g. both SMS and data bundles at a unique cost) has superseded customer expectations thereby making Safaricom Company emerge as a market leader.	180	1	5	3.67	1.046
The company's unique colors (green) have made the company top in recognition which has made the clients more loyal and thus increased market share.	180	1	5	3.30	1.118
Valid N	**180**				

Source: Survey Data (2018)

Majority of the respondents agree that the unique Safaricom brand name has differentiated it from its competitors in the market with a mean value of 4.32. They also agree that Market segmentation by Safaricom company has ensured that the market needs of every client is met thereby enhancing more customer retention and increased market share. Majority also agree that bundle pricing (giving combined costing e.g. both SMS and data bundles at a unique cost) has superseded customer expectations thereby making Safaricom Company emerge as a market leader. However, majority of the respondents are indifferent on impact of the company's unique colors (green) makes the clients more loyal and thus increased market share.

The result is consistent with Aaker & McLoughlin (2010), who indicated that Strategic marketing key focus is to recognize viable competitive benefits for the firm. It infers that in mobile network operations, strategic marketing aims to recognize viable competitive benefits for a particular telecommunication business.

4.6.4 Quality Differentiation Strategy

To find out, the effectiveness of quality differentiation strategy respondents were asked their opinion on the statements below. The response observed was as follows:

Table 4 11: *Statement in relation to Quality Differentiation Strategy*

	N	Min	Max	Mean	Std. Dev.
Superior product quality offered by Safaricom Company's fosters greater customer satisfaction and increased market share	180	2	5	4.13	.720
Superior service quality offered by Safaricom Company's fosters greater customer satisfaction and results in increased market share	180	2	5	3.75	.915
Better Voice quality by Safaricom company as compared to its competitors makes the company outperform its rivals by gaining more customer loyalty and increased market share in the process	180	2	5	4.08	.790
Faster data rates has made Safaricom Company attract and retain more customers thereby gaining the most in terms of market share	180	2	5	4.22	.687
Quality differentiation is directly related to performance of Safaricom Company.	180	2	5	3.88	.959
Valid N	**180**				

Source: Survey Data (2018)

Most of the respondents agree that faster data rates have made Safaricom Company attract and retain more customers thereby gaining the most in terms of market share. They are also in agreement that Superior product quality offered by Safaricom Company's fosters greater customer satisfaction and increased market share. It is also evident that Better Voice quality by Safaricom Company as compared to its competitors makes the company outperform its rivals by gaining more customer loyalty and increased market share in the process. Superior service quality offered by Safaricom Company's fosters greater customer satisfaction and results in increased market share.Threfore it's agreed that Quality differentiation is directly related to performance of Safaricom Company. The result is consistent with David (2009) who asserts that effective competitive advantage founded on differentiation results to a product that surpasses the expectations of the customer and provides additional quality to validate the higher cost and that the product is resource consuming and expensive to duplicate.

4.6.5 Performance of Listed Mobile Network Operators in Nairobi County, Kenya

To find out, influence of differentiation strategies on performance of listed mobile network operators in Nairobi the respondents were asked their opinion on the statements below. The response observed was as follows:

Table 4 12: *Statement in relation performance of Listed Mobile Network operators*

	N	Min	Max	Mean	Std. Dev.
The performance of any business organization is affected by the strategies that the organization has chosen.	180	2	5	4.07	.725
Strategies require different performance indicators to enable them make informed decisions.	180	2	5	3.94	.853
Strategies determine the long-term of the corporation.	180	2	5	4.02	.832
The market share of Safaricom company has grown due to the adoption of differentiation strategies.	180	1	5	4.14	.799
Valid N	**180**				

Source: Survey Data (2018)

In Table 4.13 above the majority of the respondents agree that the market share of Safaricom Company has grown due to the adoption of differentiation strategies and the performance of any business organization is affected by the strategies that the organization has chosen. The majority of the respondents also agree that Strategies determine the long-term of the corporation and that they require different performance indicators to enable them make informed decisions.

4.7 Regression Analysis

A multiple linear regression analysis was undertaken to examine the influence of differentiation strategies on performance of listed mobile network operators in Nairobi city county, Kenya.

Table 4 13: *Regression and Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of theEstimate	Durbin-Watson
1	.601[a]	.361	.346	1.33707	1.787

a. Predictors: (Constant), Quality Differentiation, Marketing Differentiation strategy, Innovations, Differentiation strategy, Service Quality Differentiation

b. Dependent Variable: Performance

Source: Survey Data (2018) **significance level=0.05**

The study found that the model explained 36.1% of the variance in the performance of listed mobile network operators in Nairobi City County ,Kenya as shown by R^2.

Adjusted R-squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable, from the findings in the above table the value of R squared was 0.361 an indication that there was variation of 36.1% of changes in performance of listed mobile network operators in Nairobi City County ,Kenya are attributed to changes in innovation differentiation strategy,service differentiation strategy,market differentiation strategy and quality differentiation strategy.

Table 4 14: *ANOVA*

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	176.678	4	44.170	24.707	.000[b]
Residual	312.858	175	1.788		
Total	489.536	179			

a. Dependent Variable: Performance

b. Predictors: (Constant), Quality Differentiation, Marketing Differentiation strategy, innovation Differentiation strategy, Service Quality Differentiation

Source: Survey Data (2018) **significance level=0.05**

From the ANOVA statistics in table above, the processed data, which is the population parameters, had a significance level of .000[b] (p=.000[b]), which is below 0.05 an indication that, Quality Differentiation, Marketing Differentiation strategy, innovation Differentiation strategy, Service Quality Differentiation jointly have a statistically significant effect on performance of listed mobile network operators in Nairobi City County ,Kenya.The F value of 24.707 was significant at 5% confidence level.Thus the regression model used was significant.

Table 4 15*: Coefficient*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.068	1.598		.042	.966
innovation Differentiation	.974	.335	.198	2.908	.004
Service Quality	.911	.334	.191	2.732	.007
Marketing Differentiation	.957	.209	.312	4.580	.000
Quality Differentiation	2.025	.296	.474	6.835	.000

Source: Survey Data (2018) **significance level=0.05**

Table 4.16 presents the coefficient results of the regression analysis. The results show that innovation Differentiation had a positive and significant effect on on performance of listed mobile network operators in Nairobi City County ,Kenya, $p < .05$.

The results also show that Service Quality Differentiation had a positive and significant effect on on performance of listed mobile network operators in Nairobi City County ,Kenya, $p < .05$.

Marketing Differentiation strategy had a positive and significant effect on on performance of listed mobile network operators in Nairobi City County ,Kenya, $p < .05$.

Quality Differentiation strategy had a positive and significant effect on on performance of listed mobile network operators in Nairobi City County ,Kenya, $p < .05$.

From the data in the above table, the established regression equation is extracted as shown below:

$$Y_i = 0.068 + 0.974 X_1 + 0.911 \ X_2 + .957 X_3 + 2.025 X_4$$

The regression equation above revealed that Quality Differentiation, Marketing Differentiation strategy, innovation Differentiation strategy, Service Quality Differentiation to a constant zero, performance of listed mobile network operators in Nairobi City County ,Kenya would be 0.068.

4.8 Discussion of the Findings

The study sought to determine the effect of Innovation differentiation strategies on the performance of listed mobile network operators in Kenya. The study found that innovation Differentiation had a positive and significant effect on on performance of listed mobile network operators in Nairobi City County ,Kenya (β=-.974, p=0.004).Thus innovation Differentiation the performance of listed mobile network operators in Kenya. The result is consistent with Lichtenthaler, Hoegl and Muethel (2011), stated that open innovation underscores the efforts of an organization in collaborating and engaging with its partners and external sources in its process of innovation.

The study also found that Service Quality Differentiation had a positive and significant effect on on performance of listed mobile network operators in Nairobi City County ,Kenya (β=-.911, p=0.007).This show that at 5% level of significance, there is a strong evidence that Service Quality Differentiation affect the performance of listed mobile network operators in Nairobi City County ,Kenya.The result is consistent with Muthangya (2007) who reviewed the strategic reaction to the competitive ecosystem with Safaricom as the case study. The study revealed that Safaricom used the three of Porter's generic strategies to respond to competition.

The study also examined the effect of marketing differentiation strategy on the performance of mobile network operators in Kenya. The results showed that Marketing Differentiation strategy had a positive and significant effect on on performance of listed mobile network operators in Nairobi City County ,Kenya (β=.957, p=0.000). The result is consistent with Aaker & McLoughlin (2010), who indicated that Strategic marketing key focus is to recognize viable competitive benefits for the firm.It infers that in mobile network operations, strategic marketing aims to recognize viable competitive benefits for a particular telecommunication business.

The study also found that Quality Differentiation had a positive and significant effect on on performance of listed mobile network operators in Nairobi City County ,Kenya (β=-2.025, p=0.000).This show that at 5% level of significance, there is a strong evidence that Service Quality Differentiation affect the performance of listed mobile network operators in Nairobi City County ,Kenya.The result is consistent with David (2009) who asserts that effective competitive advantage founded on differentiation results to a product that surpasses the expectations of the customer and provides additional quality to validate the higher cost and that the product is resource consuming and expensive to duplicate.

V. SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of the Findings

The study found out that innovation Differentiation strategy was statistically significant in influencing performance of listed mobile network operators in Nairobi City County, Kenya.The study further found out that Mshwari and Mpesa innovations has contributed to increased market share by Safaricom Company in the telecommunication market. Also, the respondents agreed that Innovations to produce lower denominations of airtime e.g. Ksh 20, 10 or even Ksh 5 has resulted to increased market share as many customers can afford Safaricom company's voice and data products.

They further agree that competitively packaged data products have attracted more customers thereby increasing the market share of Safaricom Company in Kenya. The respondents also agreed that Innovation differentiation has contributed to increased market share by Safaricom thereby contributing to increased profitability of the company in the industry.

The study found out that Service Differentiation strategy was statistically significant in influencing performance of listed mobile network operators in Nairobi City County ,Kenya.The majority of the respondents were in agreement that employing competent staff by Safaricom Company contributes to increased service quality and thus increased market share.

The study also found that prompt response by Safaricom's customer care staff has resulted in satisfied customers and growth in the company's market share and the strong and accessible Safaricom Company's network has resulted in increased loyalty and growth of the company's market share. Also, the study found out that dedicated call centers foster more customer satisfaction thereby creating more retention and increased market share and to supervision of front office staff to some extend results in more quality services which contribute to increased market share.

The study found out that marketing Differentiation strategy was statistically significant in influencing performance of listed mobile network operators in Nairobi City County ,Kenya.The study found that Market segmentation by Safaricom Company has ensured that the market needs of every client are met thereby enhancing more customer retention and increased market share.

The study further indicates that the company's unique colors (green) have made the company top in recognition which has made the clients more loyal and thus increased market share. The unique Safaricom brand name has as well differentiated it from its competitors in the market. Apart from the unique brand its apparent from the study that the bundle pricing (giving combined costing e.g. both SMS and data bundles at a unique cost) has superseded customer expectations thereby making Safaricom Company emerge as a market leader.

The study found out that Quality Differentiation strategy was statistically significant in influencing performance of listed mobile network operators in Nairobi City County , Kenya.The study found that Superior product quality offered by Safaricom Company such as better voice quality as compared to its competitors makes the company outperform its rivals by gaining more customer loyalty and increased market share in the process.

The study further observed that Superior service quality offered by Safaricom Company such as faster data rates have made Safaricom Company attract and retain more customers thereby gaining the most in terms of market share.

5.2 Conclusion

The study concludes that innovation Differentiation strategy affects performance of listed mobile network operators in Nairobi City County, Kenya. The study further concludes that Mshwari and Mpesa innovations have contributed to increased market share by Safaricom Company in the telecommunication market. Also, Innovations to produce lower denominations of airtime e.g. Ksh 20, 10 or even Ksh 5 has resulted to increased market share as many customers can afford Safaricom Company's voice and data products.

The study also concludes that competitively packaged data products have attracted more customers thereby increasing the market share of Safaricom Company in Kenya. Therefore Innovation differentiation has contributed to increased market share by Safaricom thereby contributing to increased profitability of the company in the industry.

The study concludes that Service Differentiation strategy affects performance of listed mobile network operators in Nairobi City County, Kenya. The study also concludes that the growth of the market share by Safaricom is attributed to prompt response by Safaricom's customer care staff, strong and accessible Safaricom Company's network, dedicated call centers and increased service quality due to employing competent staff.

The study also concludes that marketing Differentiation strategy influence performance of listed mobile network operators in Nairobi City County, Kenya. The study concludes that Safaricom has enhanced customer retention and increased market share by segmenting the market to ensure that the needs of the client are met and that the bundle pricing (giving combined costing e.g. both SMS and data bundles at a unique cost) has superseded customer expectations thereby making Safaricom Company emerge as a market leader. The study further concludes that company's unique colors (green) have made the company well differentiated from its competitors in the market.

The study concludes that Quality Differentiation strategy affects performance of listed mobile network operators in Nairobi City County ,Kenya and that Superior product quality offered by Safaricom Company such as better voice quality as compared to its competitors makes the company outperform its rivals by gaining more customer loyalty and increased market share in the process. The study finally concludes that Superior service quality offered by Safaricom Company such as faster data rates have made Safaricom Company attract and retain more customers thereby gaining the most in terms of market share.

5.3 Recommendation

The research recommends that management of mobile network operators should continuously evaluate the implementation of innovation Differentiation strategy to undertake the necessary correctional measures as the mobile network industry is highly dynamic. The study recommends that the management of mobile network operators in Kenya should conduct a research on the market differentiation strategy to respond to the different market niches effectively as any gap in customer centric products would yield customer non responsiveness.

The research recommends mobile network operators should offer superior product quality such as better voice quality,

superior service and faster access of internet. The organizations should at the same time continue innovating products which will compete with other companies' products. The research also recommends that all listed mobile network operators should adopt service differentiation strategy investing in dedicated call centers, strong and accessible network in a wider area and prompt response to technical and operational needs of customers by employing competent staff in various fields.

The study recommends the academicians and researchers to venture into mobile network operations after being furnished with relevant information regarding differentiation strategies in Nairobi County, Kenya. This will also contribute to the general body of knowledge and form a basis for further research.

5.4 Areas for Further Study

This study only examined specific study business strategies that influence the performance of listed mobile network operators in Kenya. However there are other variables that are location specific, size of the company which also contribute to the performance of mobile network operators in Kenya.Hence it is recommended that further research be done to identify and examine additional business strategies that affect the performance of these companies not only in Kenya but in other companies regionally and internationally.

The study confined itself to competitive strategies adopted by listed mobile operators in Kenya with a case study of Safaricom. It should extend to other strategies firms are adopting to thrive in this industry. The study therefore recommends that in the future studies on the same be conducted across telecommunication industry so as to generalize the findings.\

The present study has relied largely on primary data and is therefore restrictive and lacking in clarification and enrichment of data that would have provided a more in depth view of the subject matter. Therefore, secondary data need to be also included in future to complement primary data and provide wider perspective to the present study. There is need for future research to explore moderating influence of other variables

5.5 Limitations of the Study

The study encountered several limitations which were noteworthy. The respondents approached were not willing to give information fearing that the information sought would be used to print a negative image about them. Some respondents even turned down the request to fill the questionnaires. To solve this problem, we carried an introduction letter from the University and assured them that the information they provide would be treated confidentially, and it would be used purely for academic purposes.

Employees operate on tight schedules: respondents were not able to complete the questionnaire in the right time, and this overstretched the period for data collection. To mitigate this limitation, the study made use of the network to persuade targeted respondents to fill up the questionnaires. There was also a problem in eliciting information from the respondents as some feared the information required might be shared with their competitors. This lead to a lack of response due to the veil of confidentiality surrounding the Mobile network operators. The respondents were encouraged to participate without withholding

any information they might be having as the research instruments will not bear their names.

The study focused on only four study variables this are competitive strategies, human resource strategies, customer service strategies and technology strategies which the researcher found to be very critical to any telecommunication company however there are many other variables that were not included in the study.

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