EFFECT OF STRATEGIC MANAGEMENT PRACTICES ON PERFORMANCE OF SELECTED MOBILE SERVICE PROVIDERS IN NAIROBI- KENYA

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DECLARATION

I declare that this is my original research work and has not been presented in any other University or College for examination or academic purposes.

Signed: ……………………………. Date: …………………………………..

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I confirm that the work reported in this thesis was carried out by the candidate under my supervision.

Signature………………………………… Date…………………………..

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DEDICATION

I dedicate this thesis to the almighty God whose grace enabled me to pursue this course, and to my family for financial support.

ACKNOWLEDGEMENT

I dedicate this thesis to my family and the faculty of business and economics at Kenya Methodist University for being supportive throughout my study. I also wish to acknowledge and give thanks to the Lord Almighty for seeing me through till now, my Supervisors Mary Mbithi & Dorothy Kirimi for their guidance and my family for the moral support

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LIST OF ABBREVIATIONS

CCK	-	Communications Commission of Kenya
EVA	-	Economic Value Added
ICT	-	Information and Communications Technology
IFC	-	International Finance Corporation
IMF	**-**	International Monetary Fund
RBV	-	Resource-Based View Theory
SIFs	-	Specialized Investment Funds
TAM	-	Theory of Technology Acceptance Model

ABSTRACT

Mobile service providers offer essential services to business enterprises worldwide. Many businesses are adopting the use of mobile payments to boost the quality of their services and increase sales. The pace of transformation and competitiveness in the mobile sector demand that these providers evaluate their business strategies very often. The purpose of this study therefore was to examine the effect of strategic management practices on performance among mobile service providers in Nairobi Kenya. Specifically, the study examined the effect of strategic partnership strategies, channel management strategies, product diversification strategies and product development strategies on performance of mobile companies. The study adopted descriptive cross-sectional design. The study targeted key mobile network operators in Kenya, Safaricom, Airtel and Telkom Kenya (CCM 2019). The study population was 116. Descriptive and inferential statistics were used to analyze information generated from respondents. The study findings indicated that strategic partnership strategies had an influence on performance in the Mobile Services industry. The correlation analysis indicated a significant correlation existed ($r = 0.771$, $p < 0.05$). Pearson's correlations coefficient was higher than 0.5 suggestion a strong relationship. There was a significant relationship between channel management strategies and performance as the analysis yielded a Pearson correlation coefficient of $r = 0.706$, $p < 0.05$; indicating that a strong relationship existed between the two variables. There was a significant relationship between product diversification and performance as indicated by the correlation analysis ($r = 0.635$, $p<0.05$) indicating a strong relationship between the two variables. There was a significant relationship between product development and performance as indicated by a Pearson correlations coefficient is ($r = 0.610$, $p< 0.05$). This indicated a strong relationship between the two variables. The coefficient of determination, R square was 0.688. This implies that 68.8 % of the variance in performance could be explained by Strategic partnership strategies; Channel management strategies; Product Diversification Strategies and Product Development Strategies. Based on the findings it was recommended for strategic partnership practices that through research, mobile service providers should seek to understand the gaps not yet bridged through current strategic partnerships entered into by mobile service operators, as well as exploring other services not yet offered through such partnerships in order to develop products to fill those gaps. On channel management it was recommended that mobile service providers invest more on their channels through training of their agents, and offering better incentives to their agencies to ensure improved uptake of agency in order to improve reach. On Product Diversification Strategies the study recommended that the players in the industry should find ways to maximize on product diversification through research, to identify additional market potentials, to properly adjust their pricing models, and understand their customer needs, and re-pricing their products. On Product Development Strategies it was recommended that the product development departments of mobile service providers should be tasked with development of products that have a shorter roll out period.

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CHAPTER ONE

INTRODUCTION

1.1 Background Information

Strategic management has been touted as one of the most effective management tools in strengthening organization performance. This is through its influence on effective decision making and systematic strategic formulation and implementation. Barney and Hesterly (2008) suggested that a good strategy is one that actually generates a competitive advantage that differentiate an organization with its competitors by giving it sustainable edge that is valuable, rare and not easy to imitate. Strategy should therefore be unique in order to create a competitive advantage. Porter (1980) indicates that the competitive advantage of nations aptly states that at the heart of positioning is competitive advantage. Thompson and Strickland (2003) defined strategy as consisting of moves and approaches devised by management to produce successful organizational performance. A strategy is a plan that provides direction on how the organization will achieve its mission and objectives.

Proper strategic management practices enable the organization to avoid a mismatch with the environment. It provides a link between an organization and its environment and must be consistent with the goals, values, the external environment, resources, organizational structures and systems (Ansoff & McDonnell, 1990). According to Hussey (1991) strategy is the heart of strategic management because it helps the organization to formulate and implement various tasks to remain competitive in a turbulent environment. An organizational strategy define its unique image, provides its purpose and direction to its activities and to the people within and outside the organization.

The business environment in which firms operates is dynamic and turbulent with constant and fast paced changes that often render past strategies irrelevant. Top management and decision makers of firms must constantly think strategically about the future of their organizations. The dynamic environmental changes occurring in the business sector necessitate an equal need for rapid recognition of appropriate strengths, opportunities to be exploited, threats to be countered and weakness to be overcome (Pearce & Robinson, 2003). Strategic planning calls for the determination of the basic long term goals and objectives of an enterprise and the adoption of courses of action and allocation of resources necessary to carry out the goals. Planning is a conscious systematic process during which decisions are made about mission, values, goals, strategies, priorities and activities that an organization, and by extension industry players will pursue if they are to survive and remain relevant in the future, amidst a constantly volatile environment. Strategic planning therefore is not a matter of coming up with a detailed plan or program but it is a unifying theme that gives coherence and direction to actions and decisions (Grant, 1998).

Successful companies maintain their competitive positions in a global marketing environment that is constantly changing and developing by maintaining a strong marketing oriented perspective towards the market in which they operate (Adcock, 2011). According to Ndubisi and Richardson (2012), market capability scale captures the quality of the company's customer service, marketing communications effectiveness, the quality of sales force, market research ability and the speed of new product introduction and this positions marketing orientation to have a significant influence on the ability of companies to compete effectively on global market.

Fathalla, Mino & Pickens (2011) indicate that, it is from this orientation that companies develop a customer focused strategy and build distinctive advantages to their products through a process of adding value either through product innovation or the incorporation of the services into their offering. This allows them to target specific customer and differentiate themselves from competitors in global market. Therefore the key task for the firm is to identify those capabilities that will provide a strong competitive advantage.

O'Cass and Ranjit, (2011) contends that, capabilities should be rare because competitors must find them difficult to emulate. They are complex because they are explained by a number of linked factors as in the creation of superior customer value, and they are tacit because they are inextricably embedded in organizational experience and practice. According to International Finance Corporation [IFC] (2013), Safaricom's future value will depend on how the company's mobile money transfer service M-Pesa performs in an increasingly competitive market. M-Pesa's revenue increased by a respectable 22 per cent to Sh26.6 billion in the year ended March 31, 2014. M-Pesa faces increased competition, both in its domestic market and those into which it is expanding including South Africa and India (Chatain, Laurent, Zrzan, Dannaoui & Louis, 2011).

According to Karuri (2014), the mobile sector has encountered stiff competition not only from other mobile operators but also a growing number of other players entering the mobile money market, for example M-Check in India and Wizzit in South Africa.

At the same time, influential global online groups such as Google and PayPal are aggressively pushing into mobile payments, as are global payment networks/credit card brands, notably Visa and MasterCard. Moreover, although M-Pesa's user base in Kenya is still growing. This causes stiff competition in the sector and there will be more challenges in the future as the number of users approaches saturation. For example, close to 16 million of Safaricom's total 19 million subscribers are now M-Pesa users. This means that the mobile industry will need to work harder on increasing usage and engagement within the existing customer base. This will require new product innovations and service partnerships (International Monetary Fund [IMF], 2013). Competitive advantage therefore will be achieved based on the strategies the mobile sector will apply.

1.1.1 **Strategic Management Practices**

Strategy refers to a deliberate set of actions to achieve competitive advantage, giving coherence and direction to the organization (O"Regan & Ghobadian, 2005). A strategy is a plan that provides an organization with the intended course of action and also serves as a guide when dealing with situations (Lusweti, 2009). A strategy is about creating a niche which will generate sufficient revenue to enable an organization outsmart its competitors. A good strategy is one that actually generates a competitive advantage that differentiates an organization with its competitors by giving it sustainable edge that is valuable, rare and not easy to imitate. An effective strategy should be unique in order to create a competitive advantage (Porter, 1980). A business strategy is therefore an overall plan of action which defines the competitive position of a firm (Mintzberg & Quinn, 1991).

Strategic Management can be defined as identification of the purpose of the organization and the plans and actions to achieve the purpose. It is a set of managerial decisions and actions that determine the long term performance of a business enterprise. Strategic management is an on-going process that evaluates and controls the business and the industries in which the company is involved. Through strategic management an organization is able to asasses its competitors and sets goals and strategies to meet all existing and potential competitors. A company should reassess each strategy regularly to determine how it has been implemented and whether it has succeeded or needs replacement by a new strategy. This will assist an organization to meet changed circumstances, new technology, new competitors and a new economic environment.

The use of strategic management practices enables firms to define their strategies which provide a central purpose and direction to its activities, to people who work in the firm and often to the outside world. Strategic planning and implementation enable firms to adapt to conditions of external pressure caused by changes in environment. Firms can and often do create their environment besides reacting to it. Strategic planning and management helps firms develop competitive strategies (Johnson & Scholes, 2002). In developing strategy, firms carry out an analysis of their environment, their industry and competitors and gauge how they can outperform their competitors. Strategic planning also helps firms focus their efforts and resources on their key success factors and cultivate a culture of being proactive. By implementing strategic plans, firms are able to respond to the turbulent environment in an appropriate manner, to ensure their continued survival and profitability hence providing the shareholders with value for money invested (Porter, 1980).

Strategic management practices contribute to performance by generating relevant information, creating a better understanding of the environment and reducing uncertainty. Porter & Kramer (2006) states that organizational performance is determined by the ability of the firm to find its unique position and strategic management practice is the tool to enable the firm acquire that strategic position. Ofunya (2013) examined the relationship between strategic management practices and firm performance in Post bank in Kenya. The study revealed that the strategies adopted by Post bank so as to cope with the competitive environment included vigorous pursuit of cost reductions, providing outstanding customer service, improving operational efficiency, among other.

Strategic management is crucial in the mobile service providers sector**.** Building and properly incentivizing the agent network is no small task and maintaining the necessary cash liquidity at outlets can prove a constant challenge. Winning and retaining the trust of customers, is central to its success (Mas & Radcliffe, 2010). Strategies are essential for building competitive advantages in the mobile sector (Coulter, 2008). Successful business growth and expansion strategies begin with market insights. However, few studies have examined the role of strategic management practices on performance within the mobile sector. The current study addressed this gap.

1.1.2 Mobile Service providers

Performance of mobile service providers has received considerable attention in the Operations Management literature. Performance can be defined as the success in meeting pre-defined objectives, targets and goals (Pura. 2005). Gaski (1984) defines performance as the measure of the results achieved and performance efficiency as the ratio between effort expended and results achieved. According to Aaker et al. (2011) in order to implement a strategy successfully, it should be grounded on organizational competencies that should in turn be based on qualified personnel with the experience needed to implement the strategy selected by the company. Aaker argues that the employees should be motivated to perform and implement this strategy, further this motivation can be achieved, for instance, by linking the remuneration structure to compliance with operating performance objectives and targets. Significant to mobile phone operators' performance are the influence of immediate and distant environments and various dimensions of these environmental forces

Organizational performance can be assessed by an organization's efficiency and effectiveness of goal achievement. Organizational performance comprises the actual output or results of an organization as measured against its intended outputs or goals and objectives. In recent years, The mobile industry has attempted to manage performance where performance is tracked and measured. The problem of how this sector should assess their performance and the factors affecting it thereof has been challenging.

McNamara (2005) advanced that key factors that influence company performance are the ability of management (all levels) to cope with change, the nature and effectiveness of the processes used to arrive at major decisions to bring about change, the efficiency of the mechanisms utilized to implement management decisions, the internal methods employed to determine and track valid objectives, the quality of the personnel and attention to recruiting and selecting the proper quality and adding to their abilities with further training and the effectiveness of the way information is communicated within the company. Other researchers pointed out that organizational performance are influenced by competitive environment, customer value, technology and market intelligence (Smallbone & Welter, 2001).

According to the Communications Authority of Kenya, there were about 31 million subscribers in Kenya by the end of 2013. Safaricom was the biggest operator in Kenya, with about 21m subscribers in December 2013, Airtel had about 5m subscribers while Orange and Yu had over 2m subscribers each. Safaricom was the first mobile service provider in Kenya. Other operators came in, and as competition increased in the industry, subscribers got cheaper rates. The key drivers of the mobile sector in Kenya most notably Safaricom's M-PESA and Equity Bank, center on a very supportive regulatory regime, innovative business models and technological advances, particularly in the mobile phone sector (Stuart & Cohen, 2014).

Currently, mobile phone service providers are under the regulatory control of Communications Authority of Kenya (CA). As of October 2018, the shareholding among Kenyan mobile telephone operators had increased and was as depicted in table 1.1

Table 1.1 Mobile Network Operators

	Name of Operator	Millions of customers	Market Share%
1	Safaricom	29.7	65.4
2	Airtel Kenya	9.7	21.4
3	Telkom Kenya	3.8	8.9
4	Finserve	1.9	4.3
5	others	0.3	0.1
	Total	45.4	100

CCK (2019)

1.2 Problem Statement

Any firm's strategy should be aimed at achieving competitive advantage that contributes to wealth creation and growth over time (Maimbo, Samuel, Saranga & Strychacz, 2011). A firm's strategy selection should therefore be based on the careful evaluation of its resource and capability portfolios and should reflect its market influence. According to Bharadwaj, Varadarajan & Fahy (2013), managers have choices to make about alternative strategic options, but the prevailing resource and capability framework eventually limits them. Barney (2011) argue that, well-performing companies have more accurate expectations about the future value of resources than their competitors.

Despite the emphasis on strategic management of firms, the mobile telecommunications sector in Kenya has encountered various challenges related to its strategic management. Over the past few years due to intense competition and market liberalization, mobile service providers have reported decline of revenues and profit after tax for instance Safaricom the market leader highest profit has steadily declined and this can be attributed to intense competition and price wars by rivals (Njenga, 2017). These include stiff competition between the mobile service providers, Customer withdrawals, government sanctions. This has had an influence on the overall performance of the mobile industry. The mobile business environment has also drastically changed resulting into many companies going global and this has increased competition in the mobile phone industry.

Performance in the Mobile Service Providers has raised concern specifically the high rivalry within the sector. Dominant players in this industry have been engaged in fierce rivalry in their effort to outmaneuver each other in the market so as to control market share. This is compounded by the fact that the market penetration rate is only about seven per cent of the Kenyan population of eligible subscribers (Oginda, Oima & Kesenwa, 2013).

Despite existence of large untapped market potential, dominant players have been involved in concerted competitive rivalries that are geared towards subscriber acquisition and customer loyalty. This therefore indicates that the strategic management practices within this sector should be addressed. Strategic initiatives are necessary that can ensure the survival of the mobile phones firms in Kenya (Ndubisi & Richardson, 2012).

In addition, there has been concerns on the visibility of products and services through the channel due to diversion and the risk of gray marketing, where products are leaked or diverted outside of the authorized channel (Oginda et al., 2013).

According to Njenga, (2017) there are few studies that have been done to find out how competitive advantage can be built through strategic management practices in the mobile money industry Kenya. This research work offers insight into establishing the effectiveness of strategic management practices adopted by the mobile money company in Africa. Few studies address the efficacy of strategies employed by mobile money business in order to improve performance (Taghian, 2010). This study offers insight into establishing the effectiveness of strategic management practices adopted by selected mobile money companies in Kenya and their influence on the overall performance.

1.3 Purpose Statement

The general purpose of this research was to analyze the effect of strategic management practices on performance in the mobile service providers on performance

1.4 Research Objectives

The research objectives were:

i. To establish the effect of strategic partnerships on performance in mobile companies in Kenya

ii. To determine the effect of channel management strategies on performance in mobile companies in Kenya

iii. To assess how product diversification strategies influence performance in mobile companies in Kenya

iv. To establish the effect of product development strategies on performance in mobile companies in Kenya

1.4 Research Hypothesis

The following research hypothesis will guide the study.

Ho1; there is no significant relationship between strategic partnerships and performance of mobile service providers in Kenya.

Rejection of the null hypothesis point towards a statistically significant relationship between strategic partnerships and financial performance of mobile service providers in kenya.

Ho2; There is no significant association between product diversification strategies and performance of mobile service providers in kenya.

Rejection of the null hypothesis indicates a statistically significant association between Product diversification and performance of mobile service providers in Kenya.

Ho3; There is no significant association between Channel management Techniques and performance of the mobile service providers in Kenya.

Rejection of the null hypothesis indicates a statistically significant association between channel management techniques and performamnce of Mobile service providers in kenya.

Ho4; There is no significant relationship between product development strategies and performance of mobile service providers in kenya.

Rejection of the Null hypothesis indicates a statistically significant relationship between product development strategies adopted by mobile service companies on performance of mobile service providers in Kenya.

1.5 Significance of study

The business sector as whole and individual firms will benefit from an understanding of successful and effective strategies in these terms. The findings for research can be used to assist in policy formulation regarding the profitability of the mobile money business. The policy makers will know how well to apply best strategies in organizations to ensure sufficient competitive advantage.

The staff and employees of various mobile money firms may benefit from the study findings since, creating business efficiency and gaining profitability is another advantage to running a business.

Other scholars will be furnished with relevant information regarding various strategic options in the mobile money sector. The findings will stimulate other researchers to venture into other potential strategic practices that have not been studied. This will also contribute to the general body of knowledge and form a basis for further research.

1.6 Scope of the Study

The scope refers to the area to be covered by the research study. This study focused on Strategic management practices and performance by mobile service providers in Nairobi Kenya. The study concentrated on three top mobile providers, safaricom, airtel and Telkom. The time scope of the study was from December 2018 to April 2019.

The study focused on Strategy formulation officers in the organizations

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1.7 Limitations of the Study

Some respondents were hesitant to volunteer information due to fear of being victimized at workplace; however, the researcher assured them that the research findings were for academic purposes only. The study primarily used the data collected from questionnaires. The researcher put considerable effort to ensure data quality, during both the data collection and construct validation phases.

The conclusions of the study was limited and constrained to unique effects of strategic management practices and performance in Mobile companies. As a result, it may affect the generalization of the findings as the conclusion may not be the same to all mobile providers.

1.8 Assumptions of the Study

It was assumed that the selected sample was representative of mobile provider firms in Kenya. The data collection instruments used was valid, reliable and measured the desired constructs. The respondents understood the questions and also truthfully and accurately answered the questionnaires objectively. The questionnaires were answered and returned within the target time frame.

1.9 Operational Definition of Terms

Channel Management Strategies: Channel management refers **to** managing and directing all of the activities involved in getting a product from the manufacturer to the customer. Distribution **Channel**s indicate how the product makes its path to the place where consumers purchase the product.

Product Development Strategies : Product development involves developing new products or modifying existing products so they appear new, and offering those products to current or new markets (Maimbo et al., 2011). It requires keen attention to competitors and customer needs, the ability to finance prototypes and manufacturing processes, and a creative marketing and communications plan. Effective product development rests on a product's design's ability to create a positive product experience

Product Diversification Strategies: Product diversification is the process of expanding business opportunities through additional market potential of an existing product. Diversification may be achieved by entering into additional markets and/or pricing strategies

Strategic management Practices: Strategic Management can be defined as identification of the purpose of the organization and the plans and actions to achieve the purpose. It is a set of managerial decisions and actions that determine the long term performance of a business enterprise. Strategic management is an on-going process that evaluates and controls the business and the industries in which the company is involved.

Strategic partnerships: A strategic partnership is a formal alliance between two commercial enterprises, usually formalized by one or more business contracts but falls short of forming a legal partnership or, agency, or corporate affiliate relationship. Typically two companies form a strategic partnership when each possesses one or more business assets that will help the other, but that each respective other does not wish to develop internally.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter highlights the related theories associated with Strategic management practices and performance. The researcher has reviewed empirical literature relevant to the research problem under investigation. The literature has been retrieved from journals, newspapers, libraries, academic publications, magazines, books and government statistics. The chapter also discusses the Conceptual framework and operational framework.

2.2 Theoretical Orientation

A theory is a supposition or a system of ideas intended to explain something, especially one based on general principles independent of the thing to be explained. This chapter reviews fundamental theories underlying strategic management practices. The theories under review include; Theory of Technology Acceptance Model (TAM), the Resource-Based View (RBV) Theory and The Theory of the Growth of the Firm.

2.2.1 The Theory of Technology Acceptance Model (TAM)

The Theory of Technology Acceptance Model (TAM) is a theoretical model that gives explanations on how users come to accept and use a technology (Davis, 1989). The model suggests that when users are presented with a new technology, a number of factors sway their decision about how and when they will use it. These factors are perceived usefulness defined as the degree to which a person believes that using a particular system would enhance his or her job performance, and perceived ease of use defined as the degree to which a person believes that using a particular system would be free from effort (Davis, 1989). These two factors are considered to be the primary determinants for adopting and using a new technology and are influenced by other variables such as security concerns, cost, convenience, and satisfaction (Lu, Yu, Liu & Yao, 2003).

According to Viehland & Leong, (2007), the perceived ease of use directly affects perceived usefulness and both determine the user's attitude towards use, (behavioral intention to use -BIU) and eventually to the actual use of the system. TAM has been widely used to predict user acceptance and use based on perceived usefulness and ease of use (Ndubisi & Richardson, 2012).

Consequently, TAM was chosen as the appropriate model and was extended to include other factors such as perceived ease of accessibility of the mobile payment services, perceived low cost of the mobile payment services, perceived convenience, perceived security, perceived support from the mobile services provider and from the government, perceived satisfaction and actual usage of the mobile payments

2.2.2 The Theory of the Growth of the Firm

The Theory of the Growth of the Firm model provides an analysis of the trade-off between product diversification and foreign market penetration. It also can account for the speed of entry into foreign markets (Penrose, 1959). Penrose's Theory of the Growth of the Firm provides an account of internationalization incorporating geographical expansion patterns, sequential decision making and learning. Firm growth can be studied as a dynamic process of management interacting with resources as management tries to make the best use of resources available, a truly dynamic interacting process occurs which encourages continuous growth but limits the rate of growth (Penrose, 1959).

There is a close relation between the various kinds of resources with which a firm works and the development of ideas, experience, and knowledge of its managers and entrepreneurs (Penrose, 1959). Intimate and tacit knowledge of the firm‘s resources, capabilities, organizational structures, standard operating procedures, unique historical conditions, and personnel, including human capital asset specificity (Williamson, 1987). According to Penrose, (1959), Critical roles played by managers and entrepreneurial management teams: Interacting with the firm‘s resources, Subjectively perceiving and creating new uses for resources and driving the rate and direction of the firm‘s growth and strategic experimentation. Compared to managers who are relatively new to a firm, managers with tacit knowledge of the firm‘s capabilities and organizational routines may envision a superior subjective productive opportunity set for the firm (Penrose, 1959)

Effectively allocating financial and human resources to seize these opportunities can create entrepreneurial growth and competitive advantage With tacit understanding of the firm‘s technology knowledge bases, managers can effectively assess the performance potential of different R&D paths and deploy the financial funds to projects in which the firm is more likely to become competitive With experiential knowledge of the firm‘s employees, managers can also match employee skills to projects and employees to each other in team settings (Prescott & Visscher 1980). Penrose, (1959) also explains that, experience produces increased knowledge about things and contributes to objective knowledge in so far as its results can be transmitted to others. But experience itself can never be transmitted; it produces a change frequently a subtle change in individuals and cannot be separated from them.

2.2.3 The Resource-Based View (RBV) Theory

Resource-Based Theory or Resource-Based View (RBV) of firms is based on the concept of economic rent and the view of the company as a collection of capabilities. This view of strategy has a coherence and integrative role that places it well ahead of other mechanisms of strategic decision making (Wernerfelt, 1984). The resource-based view (RBV) as a basis for the competitive advantage of a firm lies primarily in the application of a bundle of valuable tangible or intangible resources at the firm's disposal (Penrose, 1959).

To transform a short-run competitive advantage into a sustained competitive advantage requires that these resources are heterogeneous in nature and not perfectly mobile (Peteraf, 1993). Effectively, this translates into valuable resources that are neither perfectly imitable nor substitutable without great effort (Barney, 2011). If these conditions hold, the bundle of resources can sustain the firm's above average returns. RBV has been extensively applied in management and marketing (Wernerfelt, 1984). According to RBV advocates, it is much more practicable to exploit external opportunities using existing resources in a new way rather than trying to acquire new skills for each different opportunity. In RBV model, resources are given the major role in helping companies to achieve higher organizational performance. There are two types of resources, tangible and intangible.

Makadok, (2001) emphasizes the distinction between capabilities and resources by defining capabilities as “a special type of resource, specifically an organizationally embedded non-transferable firm-specific resource whose purpose is to improve the productivity of the other resources possessed by the firm. Resources are stocks of available factors that are owned or controlled by the organization, and capabilities are an organization’s capacity to deploy resources. Essentially, it is the bundling of the resources that builds capabilities.

The resource based view of strategy emphasizes economic rent creation through distinctive capabilities. Economic rent, or Economic Value Added (EVA), is what companies earn over and above the cost of the capital employed in their business. It is the measure of the competitive advantage, and competitive advantage is the only means by which companies in competitive markets can earn economic rent. The objective of a company is to increase its economic rent, rather than its profit as such. A company which increases its profits but not its economic rent as through investments or acquisitions which yield less than the cost of capital destroys value (Wernerfelt, 2004). Safaricom-Kenya is the market leader in the use of mobile money is Kenya (World Bank, 2014).

2.2.4 Theoretical Framework

The theoretical framework is informed by the various theories discussed in the literature and which guide effective strategy implementation

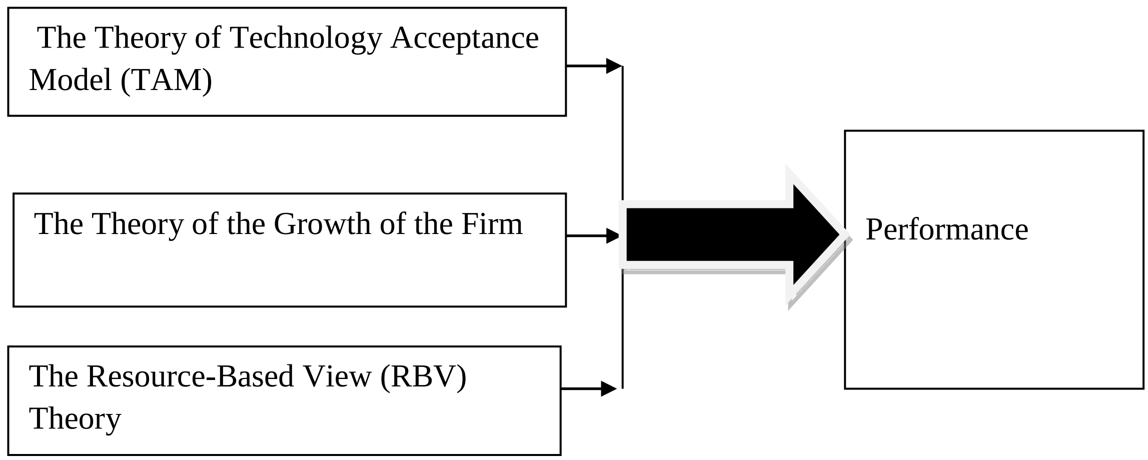


Figure 2.1: Theoretical Framework

Source: Researcher (2019)

2.3 Empirical Review

Empirical studies on Strategic Management practices and performance of firms have posited different conclusions depending on the method used or determinant of financial performance applied. Oginda et al. (2013) researched on effects of Strategic Decision Making on Firm`s Performance: A Case Study of Safaricom Limited, Nairobi, Kenya. The purpose of the study was to investigate effects of strategic decision making on firm’s performance: A Case study of Safaricom Limited, Nairobi, Kenya. These relationships were tested in four mobile phone money service providers to assess effects of strategic decisions on performance. These firms are Safaricom M-PESA, Airtel Money, Orange Money, and yu.. Safaricom was found to be the global leader in mobile money service providing. The study indicated that there are significant positive associations between the use of strategic decisions and firm's performance; but the performance relationships differ across industrial settings.

Ignacio & Amolo (2014) in their study analyzed three keys to M-PESA's success that is; Branding, channel management and pricing. This research work explored how Safaricom, the mobile operator that commercializes M-PESA, managed to create enough traction with both customers and retail stores, building trust and overcoming the adverse network effects that afflict new payments systems. The study focused on three key aspects of M-PESA's success: awareness creation through branding, building an extensive channel of retail agents offering cash in/cash out services and a customer pricing and agent commission structure that focus on key drivers of customer willingness to pay and incentivized early adoption. The study concluded that, success relative to M-PESA is based on: cheaper electronic transfers, greater store incentives to accept large-value withdrawals and possibility of direct linkage into a formal bank account.

Karuri (2014) researched on the challenges faced by Safaricom Limited, Kenya, in its expansion strategy using the M-Pesa Agents Network. Sixteen respondents participated in the study. In-Depth interviews were conducted with them being drawn from Safaricom's four sections that deal directly or indirectly with M-PESA business, namely: agent administration, operations team, and customer care and risk and fraud detection team. The data was obtained by means of an interview guide of questions that was circulated in advance to enable them reflect on the questions in preparation for an interview session with the researcher. Probing questions were also posed one-on-one to the subjects so as to gain an insightful idea of what the subjects 'opinions were. The data was analyzed by means of the qualitative content analysis where the identified key challenges were grouped under respective themes and then discussed in line with the thematic approach in the content analysis. The study found out that, among the expansion strategies adopted by Safari com was using the M-PESA agents network to reach as many areas and customers as possible. This approach has mainly been targeting entrepreneurs who in most cases have been small business operators. However the approach has not been without challenges as the business environment is always very dynamic with unforeseen challenges, meaning that in using the agent model, Safaricom limited has been faced with various challenges as well.

2.3.1 Strategic Partnerships

A strategic partner is party with which a long-term agreement is reached for sharing of physical and/or intellectual resources in achievement of defined common objective (Chatain et al., 2011). A strategic partnership is a formal alliance between two commercial enterprises, usually formalized by one or more business contracts but falls short of forming a legal partnership or, agency, or corporate affiliate relationship. Typically two companies form a strategic partnership when each possesses one or more business assets that will help the other, but that each respective other does not wish to develop internally.

Strategic partnership is a coalition or cooperation agreement formed between a company and others to achieve certain strategic goals. This happens when two or more companies collaborate by sharing resources and activities to pursue a common strategy (Johnson & Scholes, 2002). As the world becomes a global village, companies find themselves reaching out to their counterparts to form an alliance that will help them counter these challenges (Amita, Richard & Robinson, 2011). Companies continue to succeed in building strategic alliances and successful relationships with customers, suppliers, competitors among other partners. Increasingly, strategic alliances and industry partnerships are becoming more important to success in almost all economic sectors

Strategic alliances have been seen as an important part of sustainable development plan for corporate organizations (Ivatury and Mas, 2008). Currently one of the most emerging practices amongst financial institutions has been that of forming strategic alliances with organizations such as brokerage firms, investment banks and mobile providers (Berger, Demsetz & Strahan, 2009). Mobile services firms will continue to strategically position themselves in order to gain competitive advantage in the ever evolving competitive marketplace (Amita, Pearce & Robinson, 2011).

Mobile banking services are some of the innovations that banks have had to come up with in order to survive the competition. Some of the commercial banks have entered into strategic partnerships with mobile telecommunication companies in order to offer the mobile banking services to the customers. Zmijewska and Lawrence (2006) observed that there exists a strong link between the commercial banks, mobile telecommunication companies and the regulatory authorities. Wanjau (2012) observes that mobile banking services have been successful to an extent of helping the people who have no access to the brick and mortar banking services, the commercial banks have not penetrated the entire population with the services.

In a study carried out by KMPG (2009) on Joint ventures, the study revealed that strategic partnerships were on the rise. Companies forming joint ventures had specific reasons for opting for the ventures. The main reasons for the formation of strategic partnerships were so as to enable the companies gain access to greater markets, reduce on costs, reduce risk as joint ventures can share or spread risk between partners better than alternative forms of corporate strategies hence improving on their profitability (Klynveld Peat Marwick Goerdeler [KPMG], 2009).

According to Ndubisi, & Richardson (2012), one common strategic partnership involves one company providing engineering, manufacturing or product development services, partnering with a smaller, entrepreneurial firm or inventor to create a specialized new product. Typically, the larger firm supplies capital, and the necessary product development, marketing, manufacturing, and distribution capabilities, while the smaller firm supplies specialized technical or creative expertise.

Ehrbeck and Tarazi (2011) contends that in Kenya, banking partners are the foundation of the M-Pesa service, and Safaricom has secured alliances with all the countries major banks, and has an agreement with Western Union for international money transfers.

Safaricom is now seeking more retail partners to support its fledgling on-premise payment service. Banking partners include: Cooperative Bank, Kenya Commercial Bank, Barclays Bank, Equity Bank, Family Bank, NIC Bank, Post Bank, Consolidated Bank, Standard Chartered Bank, and CfC Stanbic Bank. Safaricom has also built up a strong, large, and motivated agent network to support M-Pesa, totaling 60,000 agents in 1H 2013. Agents are vital to the success of mobile money services in emerging markets because they undertake the critical task of converting cash to electronic money and vice versa, which is essential for low-income customers in cash-based economies. In addition, Safaricom has a global alliance with Western Union that allows M-Pesa customers to receive international money transfers from 45 countries and territories including the United States, Canada, Italy, and the United Kingdom (Morawcznski & Krepp, 2011).

2.3.2 Channel Management Strategies

A channel strategy is a vendor's plan for moving a product or a service through the chain of commerce to the end customer (Fathalla et al., 2011). The ideal distribution system or the normative distribution channel can be determined by exploring what the consumers want in terms of service outputs from the distribution channel, how much they are willing to pay for a given service level, how the services can be provided to them, and what the costs of the alternative distribution channels are (Stern & Sturdivant, 2006). As a result they argue that it can be determined which distribution system most efficiently meets the customers‟ wants and it can be pointed out that the distribution channel strategy adopted by a firm should take a customer perspective and analyze the output from the commercial part of the different distribution channels and relates it to the customers‟ costs and benefits from the different levels of service output offered by the available distribution channels (Cohen, Nelson & Walsh, 2003).

Channel management refers to managing and directing all of the activities involved in getting a product from the manufacturer to the customer. Distribution Channels indicate how the product makes its path to the place where consumers purchase the product. Effective challenge management strategies involve investing carefully, by reviewing Past Performance and taking into account Future Goals. It is a process where the company develops various marketing techniques as well as sales strategies to reach the widest possible customer base. Cohen et al. (2003) indicate that channels are ways or outlets to market and sell products. The ultimate aim of any organization is to develop a better relationship between the customer and the product.

The mobile sector has been an active player in building channels specifically distributive channels to enhance competitiveness and performance. Indeed, it is neither new to the ever changing distribution channel choices by Mobile Service Providers (MSPs); the most recent of these being the attempts by MSPs to by-pass their intermediaries in the distribution of scratch cards by popularizing the use of web-based recharge platforms (Vorhies, Morgan & Autry, 2009). With regards to marketing capabilities, research and practice point towards an increasingly complex link between channel capabilities and intermediary performance as appertains to distribution strategy; studies by Vorhies et al. (2009) positively identified a relationship between distribution channel management and firm performance and used this relationship to benchmark several firms' performance. Nevertheless, there exists a research gap regarding the effect of the interaction of a firm's marketing capabilities and the adopted distribution strategy in driving performance. Consequently, there is limited literature on the effect of channel management on performance in the mobile sector thus propelling the current study

Channel management involves developing a program for selling and servicing customers within a specific channel. The aim is to streamline communication between a business and the customer. To do this, the company has to segment their channels according to the characteristics of the customers: their needs, buying patterns, success factors, and then customize a program that includes goals, policies, products, sales, and marketing program. The goal of channel management is to establish direct communication with customers in each channel. If the company is able to effectively achieve this goal, the management will have a better idea which marketing channel best suits that particular customer base (Vorhies et al., 2009).

For M-PESA to be broadly available to the bulk of the population, Safaricom had to design a channel structure that could support thousands of M-PESA stores spread across a broad geography to offer cash in/cash out services. Safaricom built a channel that was based on the key requirements of profitability (providing incentives for third-party retail players to get involved), scalability (achieving rapid growth) and control (over the brand, customer experience and geographic distribution of stores).

According to Suri, Tavneet & Billy (2011) to support the customer-facing activities of M-PESA stores, the channel needed to support a range of activities, among the most important of which were: Identification, screening, contracting and training of new stores and supervision of existing stores, distribution of commissions across stores, liquidity management, enabling stores to periodically rebalance their holdings of cash and M- PESA balances needs to be competitively managed.

Suri et al. (2011) argues that, Safaricom is presently undertaking a major overhaul of its M-PESA store channel. This is to address two key concerns with the current system: The channel is flat. 60% of M-PESA stores belong to agent HQs with less than a dozen stores. Thus, Safaricom has to deal with too many agent HOs to manage their channel, which is getting to be a challenge as the number of stores shoots past 14,800 and that Safaricom absorbs too much cost directly. Safaricom pays Top Image for on-site services directly, in addition to paying channel commissions through agent HOs. There is a costly duplication of channel players.

The aggregators are being introduced fundamentally to take on the role now played by Top Image. Safaricom wants to make the aggregator fully and singly responsible for giving support to and supervising the agents. Under the new structure, the aggregators will select, train and supervise agents, in addition to performing the "traditional" channel roles of managing agent liquidity and distributing commissions. Sub-agents who are not assigned to an aggregator will, at least for a while, continue receiving support from a Safaricom-appointed company. This will be Top Image in the western half of the country, and another company will be brought in for the eastern half (Suri et al., 2011).

Karuri (2014) argues that strong channel management can help protect brand value, enabling vendors to sell their products at a premium, while enabling the channel to up-sell the proper services and support offerings that meet the customer's needs. Channel management can also control price reductions, which can slow price erosion (a major issue for IT companies). In addition, it can extend a vendor's visibility over products and services through the channel to prevent diversion and the risk of gray marketing, where products are leaked or diverted outside of the authorized channel. Perhaps most importantly, strong channel management helps create and maintain customer loyalty while strengthening the channel partner relationship by protecting the investment in the vendors' products and the partners' post-sales service and support (Oginda et al., 2013).

2.3.3 Product Diversification Strategies

Product diversification is the process of expanding business opportunities through additional market potential of an existing product. Diversification may be achieved by entering into additional markets and/or pricing strategies. Often the product may be improved, altered or changed, or new marketing activities are developed (Thompson, Marzahn, O'Donnell & Bloom, 2012).

The planning process includes market research, product adaptation analysis and legal review. Product diversification has been a key strategy employed by organizations in an attempt to improve their attractiveness and performance. Diversification boosts the performance as it helps in initiating actions which leverage in the existing internal as well as external resources which in turn support other venture hence complement the overall performance of the organization. According to Thomson et al. (2012), diversification helps organization build the urgency and the need of improving shareholders value by using existing resources.

Ansoff (1979) argued that diversification is manifested through product development, market development and market penetration representing product market structure changes.

Constable and McCormick (2009) argued that among the managerial possibilities presumed as the explicit contributor to the economic functioning of organizations is the extent of diversification. According to Dibb (2007), diversification of organizations is by the extension of the operations‟ scope into multiple markets and a diversification strategy is trailed as explained by Chandler (2010), as when organizations have opportunities embedded in market structures and technology as well as opportunities for growth in the organization‟s basic business. Boyd (2017) reported that in multiple markets, the assumption is that there are some raised benefits that may be attained by diversification through a more competent utilization of organizational resources. Benito & Young (2002) indicated that diversification increases profitability although only up to the limit of complexity.

Stefanelli and Cotugno (2012) in their study on geographical diversification, they found a positive association between the performance of banks and product diversification strategies. Further, Morgan and Stolyk, (2009) in their study on the US banks, found that the lending capacity in the banks was increased by product diversification although there wasn’t any increase in the revenues of individual banks or a reduction in the portfolios. The findings of an evaluation on the diversification strategies on the EU and US indicated conflicting results (Stiroh, (2008); Stiroh&Rumble, 2009). This therefore necessitated a further study in product diversification.

Through mobile money, mobile service providers have expanded their business opportunities by entering the financial services market. Moreover through additional innovations on these platforms, they have been able to broaden their range of financial services on offer, offering their customers increased levels of flexibility, convenience and security. Mpesa, which begun as a money transfer solution, has evolved to encompass very many other financial services provision. Purchases, bank deposits, bill payments, savings and even acquisition of small loans can now all be done through the platform. Although the predominant use of M-PESA is still sending money, some people use it for savings (Stuart & Cohen, 2014). Its use has since grown beyond just money transfer and saving.

Product Diversification strategies are very crucial in the mobile industry due to its financial intermediary nature. The benefits obtained from diversifying risks are key in management of risks. The literature reviewed has indicated that product diversification and bank performance is related positively (Fang, Hasan & Marton, 2011). Further, a study done on Italian banks showed that income diversification increased risk-adjusted revenues and indicated limitations in the diversification gains when the banks expanded (Stefanelli & Cotugno (2012). Literature further indicates that business expansion can be achieved through investments within the organizations versus the mergers and acquisitions which are involved by the organization from without the firm (Samaras, 2007). Further, achievement of internal growth by banks, a formal strategy is needed that is grounded on customer retention and services, employee satisfaction and dynamic branch management among many others (Mitchell, 2015).

Most of the reviewed studies on product diversification were carried out in the developed countries whose institutions diversification strategies effects on performance are different from that of mobile operators in Kenya. Therefore, there exist a research gap on the effect of product diversification strategies and performance in the mobile sector in Kenya. This study attempted to address this gap.

2.3.4 Product Development Strategies

Product development involves developing new products or modifying existing products so they appear new, and offering those products to current or new markets (Maimbo et al., 2011). It requires keen attention to competitors and customer needs, the ability to finance prototypes and manufacturing processes, and a creative marketing and communications plan. Effective product development rests on a product's design's ability to create a positive product experience. Ansoff (1984) brought into limelight the concepts of Product development which he defined as the focus on the needs of the current customers and the wider customer markets. Product development strategy is recognized and realized through a process whereby those with the power to make decisions for the organizations interact among themselves with other organizational members and with external parties.

Product development has been defined as the focus on the needs of the current customers and the wider customer markets (Ansoff, 1984). According to Kotler (2000), in product development a firm remains in its present markets but develops new products for these markets. The view that new products are helpful to the financial health of sponsoring firms is well argued by scholars. Innovative new products when first introduced face limited direct competition and, as a result, allow relatively high profits to sponsoring firms. Over time these high profits are likely to disappear because of imitation and competition, he argued, but firms that keep on introducing innovative new products may be able to have high profitability for a sustained period.

Effective product development rests on a product's design's ability to create a positive product experience. Product development specifically through innovations has been seen as an important driver for firm growth particularly the combination of product and processes innovations significantly improving firm growth (Goedhuys & Veugelers, 2008). Scholars point out that product development translates into superior sales growth rates and access to finance. Haeussler, Patzelt & Zahra (2012) concluded that new product development is important for new firm's successful performance. However developing new products is costly and time consuming with at times uncertain outcomes.

Product development strategy is recognized and realized through a process whereby those with the power to make decisions for the organizations interact among themselves with other organizational members and with external parties.

Many organizations today are focusing on becoming more competitive by developing products that give them an edge over others. Mobile providers are equally facing the same challenge in their choice of strategy given the crisis the subsector is currently experiencing. The challenge of liberalization, increasing competition imports, poor industry policies and structures forms the basis of this study It is worth noting that a major part of the industry's challenges are emerging from the dynamics of macro environment.

In a study of 721 U.K. manufacturing firms during the period 1972–1983, for instance, Geroski, Machin and Van Reenen (1993) showed that the number of innovations produced by firms had a positive effect on their operating profit margin. According to Clark and Fujimoto (1991) performance in a development project is determined by a firm's product strategy and by its capabilities in overall process and organization. They further claim that firms products help to shape the market environment; the nature of the market environment changes as consumers and competitors learn from new products and services.

Goedhuys and Veugelers (2008) found that innovative performance is an important driver for firm growth in particular the combination of product and process innovations that significantly improves firm growth. They associated product innovations with firm growth, while Sharma & Lacey (2004) found evidence in financial losses to have an implication of product development failures.

While different studies have been conducted in different contexts, in the view of the above, this study seeks to address product development and performance in the mobile industry. It examines the implications of product development strategy in terms of development of new products and improvement of existing products in the mobile sector in Nairobi Kenya.

Using World Bank ICS data from Brazilian manufacturing firms, a study by Goedhuys and Veugelers (2008) identified product development strategies of firms in particular internal technology creation and external technology acquisition and their effect on successful process and product innovations. The study used the World Bank's Investment Climate Survey (ICS) data collected in Brazil in 2003. The survey collected data for the period 2000, 2001 and 2005, through intensive interviews of firms while analysis was done through Chi-sq test, bivariate probit for significance in correlation. The results indicated that product development was an important driver for firm growth in particular the combination of product and process innovations that significantly improves firm growth. Both innovation and growth performance are supported by access to finance. The study though stated that international openness is important for stimulating firm growth performance, this openness works particularly through competition as an incentive device for cost improvements, stimulating firm growth, but not necessarily as a mechanism for technology absorption improving innovative performance (Goedhuys & Veugelers, 2008)

Although improving the ability of the poor to transfer money is certainly beneficial, but in isolation, mobile transfer services do not capture the full potential of mobile money to enhance financial inclusion. Studies of South African mobile money found that while it had the potential to advance financial inclusion, it had not increased access to banking, especially compared with non-technological efforts, such as a particular type of bank account designed especially for the poor (Porteous 2006). In Kenya, for example, the predominant use of M-PESA is still in sending money, although some people use it for savings (Stuart & Cohen 2014).

Access and use of more sophisticated financial services such as savings, credit, and insurance could prove far more beneficial to the poor. To develop these services, businesses, governments, and other institutions must innovate actively on top of the payment services that are being deployed by mobile money operators. Some organizations are deliberately using mobile money to enhance their traditional offerings. For example, during a recent drought in Niger, a set of randomly selected households received cash transfers via mobile money (Aaker et al., 2011). In comparison with physical cash, this trial found lower variable costs for senders, as well as lower costs for recipients. Over the course of the crisis, recipient households also enjoyed better diets and depleted fewer assets. Insurance, credit, and savings services are now being developed atop mature mobile money systems. Kilimo Salama is a micro-insurance product that uses M-PESA to provide payouts to smallholder farmers whose crops fail

In its second year of operation, 12,000 farmers were insured, and 10 percent of those received payouts of up to 50 percent of their insured inputs (Sen & Choudhary 2011).

Likewise, Equity Bank and Safaricom have partnered to offer M-Kesho, a mobile service that offers micro savings accounts, credit, and insurance. As individuals develop financial histories with mobile money, the ability to provide credit can expand because financial institutions will be able to analyze those histories and assign credit scores. The impact of mobile money is also likely to extend to the public sector through increased efficiency and reach (Ehrbeck & Tarazi (2011).

Government adoption of mobile money is still in its infancy, but a study by McKinsey, Claudia and Pickens (2010) estimates that connecting poor Indian households to an electronic payment system for cash transfers would have considerable impact through reduced leakages, transaction costs, and overheads (Lochan *et al.*, 2010). It would also improve the government's ability to monitor financial flows, collect tax revenues, and reduce illicit activity. Government's use of mobile money such as salary disbursements could prove to be an enormous driver of the service throughout the economy on the whole.

2.4 Summary of Literature and Research Gaps

This chapter analyzed literature review which included the discussion of the theoretical framework and empirical review. From the available literature, the experience of Mobile money demonstrates how powerful a payment network that offers convenience at an affordable cost can be once a critical mass is reached. It also shows that achieving critical mass takes significant investment in terms of strategic activities, building up the retail channel, product diversification, product development and strategic partnerships.

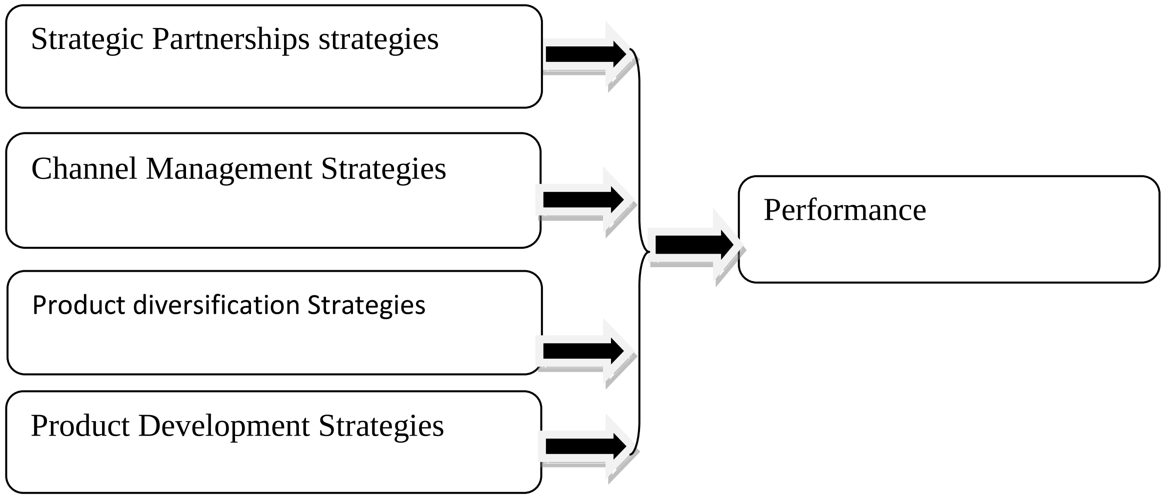
In Kenya, M-PESA is now enjoying economies of scale as much on the demand side as on the cost side.

However most of the studies which have already carried on employee performance in the mobile sector have mostly been carried out in foreign countries, creating a gap in Kenya that this study addressed. . Strategic management practices and performance in the mobile sector has been scantly addressed. The current study addressed that gap.

2.5 Conceptual Framework

Conceptual framework is defined as an element of the scientific research process in which a specific concept is defined as a measurable occurrence or in measurable terms that basically gives a clear meaning of the concept (Cooper & Schindler, 2015). According to Mugenda and Mugenda (2008), a conceptual framework is a diagrammatic presentation of the relationship between dependent and independent variables. The Conceptual Framework of the study will comprise of the independent variables and the dependent variable as shown in figure 2.1:

Independent Variable **Dependent Variable**



Source: Researcher (2019)

Figure 2.1; Conceptual Framework

2.5.1 Strategic Partnerships

The study notes that, strategic partnerships can be a strategic tool for profitability in the market. This study evaluates number of strategic partnerships and value addition in terms of profitability

2.5.2 Channel Management Strategies

The study holds that channel management strategies can be very critical for mobile money business for profitability. The study analyzes the number retail outlet-based channel (Agents), agents training and education and their effectiveness with regards to profitability

2.5.3 Product Diversification

In this study, product diversification strategy is hypothesized to have an influence on profitability, the choice and application of product diversification as a strategy in the market can be of significance for a firm. The study analyzed new product lines introduced and Improved/modified products in terms of performance and profitability

2.5.4 Product Development

In measuring the efficacy of product development on firms' profitability the study evaluates increased efficiency in transactions and new technologies adopted with regards to increased sales or market share

2.5.5 Performance

In this study, the researcher will consider mobile money revenue for the last five years that is 2018-2015 mobile money earnings and the mobile money portfolio Return On Investment (ROI) for the years under study

2.6 Operationalization

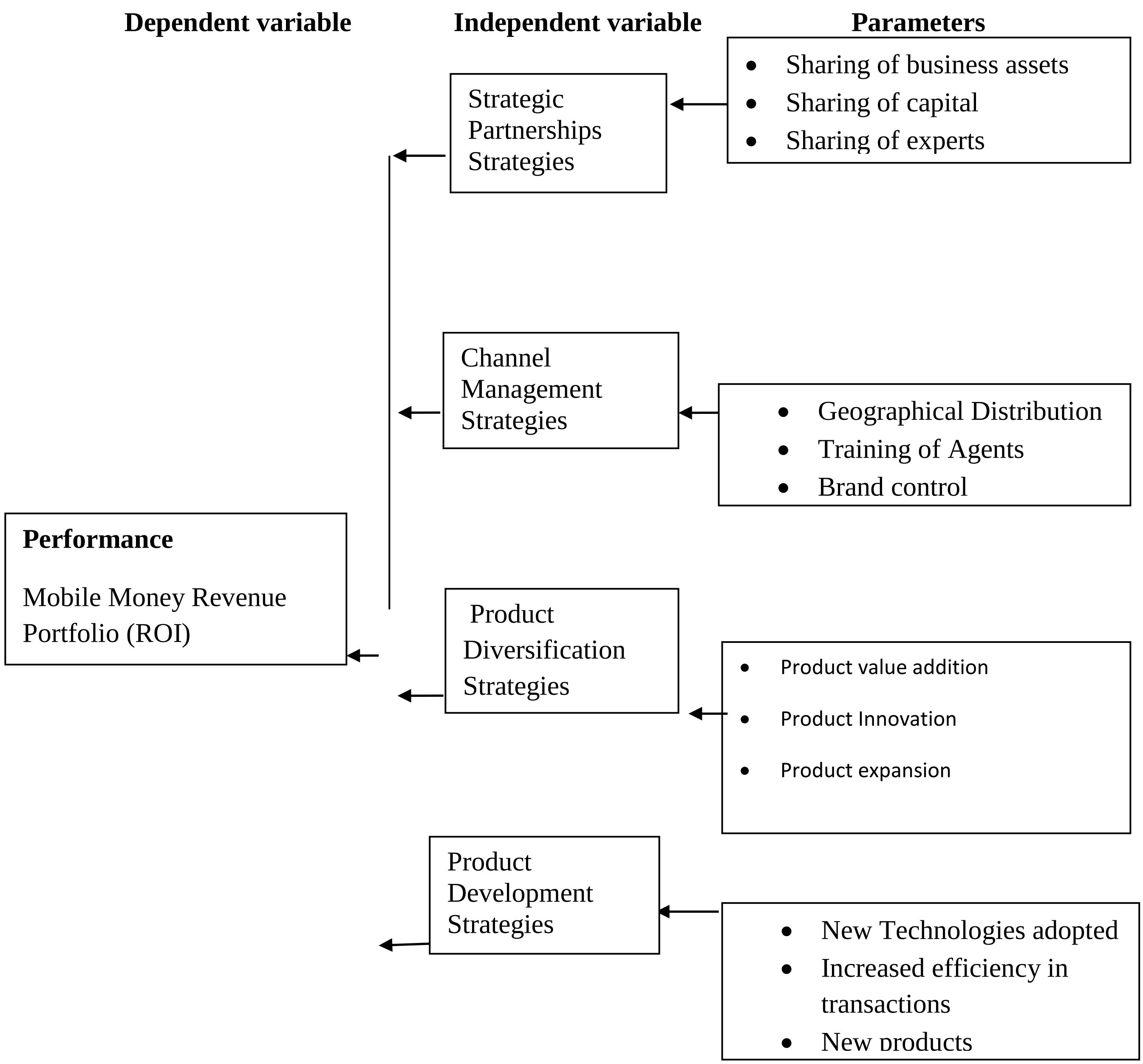


Figure 2.3 Operational framework

Source: Author (2019)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents and provides description of the research methodology that was used to carry out the study. It was guided by the research objectives as stated in chapter one. The methodology of this study covers research design, study population, sampling frame, sample and sampling technique, data collection instruments, data collection procedures, pilot test, data processing and analysis.

3.2 Research Design

According to Mugenda and Mugenda (2008), a research design is a master plan/framework or blue print specifying the methods and procedures for collecting and analyzing the needed information. A descriptive cross-sectional design was employed in this study. A cross-sectional study is conducted once to pick out the parameters of a phenomenon at a specific point in time. According to Cooper and Schindler (2015), the aim is to get an accurate means of capturing a population's characteristics at a single point in time relating to what, where, how, who and when of a research topic.

This research design affords the researcher the opportunity to study part of the members of the population in order to make generalization about the phenomenon. The descriptive cross-sectional design is considered to be robust for strategy evaluation and suitable for studies that aim to analyze a phenomenon, situation, problem attitude or issue by considering a cross-section of the population at one point in time (Mugenda & Mugenda, 2008).

3.3 Target Population

Target population is that population to which the researcher wants to generalize the results of the study. The target population is defined by Mugenda and Mugenda, (2008) as a universal set of the study of all members of real or hypothetical set of people, events or objects to which an investigator wishes to generalize the result. The study focused on the key mobile network operators in Kenya, Safaricom, Airtel and Telcom Kenya (Communications Commission of Kenya [CCK], 2019).

The study targeted the Key sections that deal directly or indirectly with mobile services at the head offices in Nairobi Kenya as shown below:

Table 3.1 Target Population

Categories	**Mobile Service Providers**		
	Safaricom	**Airtel**	**Telkom**
Agent Administration section	11	6	11
Operations	10	7	13
Customer care	2	2	2
Risk and Fraud detection Section	15	11	09
Marketing	5	3	3
Finance	1	1	1
Strategic development	1	1	1
Total	45	31	40
Overall Total			**116**

Source: HR records (2019)

3.4 Sampling Design

According to Cooper and Schindler (2015), a census is the procedure of systematically acquiring and recording information about the members of a given population. He asserts that census is the collection of information from all units in the population or a complete enumeration of the population. Census is mostly used when there is need for accurate information for many subdivisions of the population. All members of the target population (116) were included in the study as they played a key role in the reinforcement of strategic management practices within their firms.

3.5 Data Collection Instruments

Questionnaires were used in data collection. Questionnaires were preferred because large amounts of information can be collected from a large number of people in a short period of time and in a relatively cost effective way and they can be carried out by the researcher or by any number of people with limited affect to its validity and reliability (Mugenda & Mugenda, 2003). According to Cooper and Schindler (2015), questionnaires reduce bias since the researchers' own opinions cannot influence the responses. The questionnaire was divided into five sections: the general information consisted of semi structured questions, to generally have knowledge of the background information of the respondents. The other four sections had structured questions that include; Strategic Partnerships, Channel Management Strategies, Product Diversification Strategies and Product Development Strategies.

3.6 Methods of Data Collection

Primary data was collected using a structured questionnaire. The questionnaires were presented to the respondents accompanied by an introduction letter from the University. The respondents were consequently requested to fill in the questionnaire for about 5 to 10 minutes of their time then the questionnaires were collected by a research assistant.

3.7 Reliability and Validity

3.7.1 Reliability

Reliability is a measure of how consistent the results from a test are. A pilot test was conducted in order to test for reliability and validity of the data collection instrument (Questionnaire). Reliability refers to the stability of the measure used to study the relationships between variables (Ghauri & Grönhaug, 2005). Reliability accounts for whether there is consistency in the outcome of a study. A research conducted achieves maximum reliability if the findings obtained from different respondents are consistent, producing results that are free from random errors. Cronbach's Alpha was applied to measure the co-efficient of internal consistency and therefore reliability of the instrument. In order to check reliability of the results, study used Cronbach's alpha methodology, which is based on internal consistency. Cronbach's alpha measures the average of measurable items and its correlation. The reliability of the instrument was considered reliable if it was 0.7 and above Cronbach's alpha, which is the most common measure of internal consistency (reliability), was used.

3.7.2 Validity

Validity is the extent to which research results can be accurately interpreted and generalized to other populations. It is the extent to which research instruments measure what they are intended to measure (Mugenda & Mugenda, 2008). It is the degree by which the sample of test items represents the content the test is designed to measure. Content validity which was employed by this study is a measure of the degree to which data collected using a particular instrument represents a specific domain or content.

Validity was enhanced by engaging the supervisor and experts as supported by Cooper and Schindler (2015), to check the questionnaire items on their appropriateness of content and to determine all the possible areas that need modification so as achieve the objectives of the study. Pre-testing was considered important in this study because comments and suggestions by respondents during pre-testing help to improve the quality of the questionnaire (Mugenda & Mugenda, 2003). Pre-testing is meant to reveal deficiencies in the instruments. For example, unclear instructions, insufficient writing space, vague questions and wrong numbering may be revealed and corrected, thus improving the instrument.

3.8 Data Analysis and Presentations

The data generated by the study after fieldwork was edited, coded then entered into a computer for processing using the Statistical Package for Social Sciences (SPSS v.21.0). According to Mugenda and Mugenda (2008), editing of responses is intended to identify and eliminate errors made by the interviewer or respondents. Consequently, data was edited for completeness and consistency before analysis. Descriptive and inferential statistics were used to analyze information generated from respondents. Descriptive statistics refers to, simple statistical methods, which do not support or falsify a relationship but help in the description of the data. Thus, descriptive statistics enabled the researcher to organize data in an effective and meaningful way. By use of percentages, frequency distributions, tables, charts, the researcher categorized the variables.

Inferential statistics was used to establish whether a relationship exists in the larger population from which the sample was drawn from. This helped in making relevant generalizations. Pearson correlation co-efficient was calculated to determine and test the correlation between the dependent variable and each independent variable.

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon}$$

Whereby: **Y** = performance (P);

$\mathbf{X_1}$ = Strategic Partnerships (SP);

$\mathbf{X_2}$= Channel Management Strategies (CMS);

$\mathbf{X_3}$= Product Diversification Strategies (PDS);

$\mathbf{X_4}$= Product Development Strategies (PS); and

$\mathbf{B_0, \beta_1, \beta_2, \beta_3, \beta_4}$ =Regression model coefficients.

$\boldsymbol{\varepsilon}$ = Error Term.

3.8 Research Ethics

The researcher before going to conduct the research sought permission from Kenya Methodist University by requesting for a letter of introduction. This enabled the respondents not to treat the researcher with suspicion. The researcher also treated the respondents with respect in that if for whatever reason the respondent were not comfortable in answering a specific question, the researcher did respect that decision and did not force them to respond.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter indicates how data was analyzed and presented. The main objective of the study was to analyze the effect of Strategic Management practices on performance in the mobile sector. The chapter offers an analysis and findings of the study as established in the research methodology. The Likert Scale was employed in the analysis of research objectives ranging from 1 strongly disagree to 5 strongly agree. Quantitative analysis was applied. Tables and figures were used in data presentation.

4.2 Response Rate

According to Cooper and Schindler (2015), a response rate below 40% is unreliable, a response rate of 40%-50% is poor, a response rate of 50%-60% is acceptable for analysis and reporting, a response rate of 60%-70% is good and a response rate of 70%-80% is very good while response of over 80% is excellent. The response rate was as follows:

Table 4.4 Response Rate

Questionnaires	**Frequency**	**Percent (%)**
Response	97	83
Non-response	19	17
Total	**116**	**100**

Source: Field Data (2019)

Table 4.1 indicates that out of the 116 questionnaires that were distributed 97 were collected back. This indicates a response rate of 83%.This was an excellent response.

4.3 Reliability Test

Reliability in research is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Kothari, 2009). According to Mugenda and Mugenda (2008), the reliability index acceptable is between 0.7 and above. On reliability the finding were as follows:

Table 4.5: Reliability of Results

Variable	Cronbach's Alpha	Number of Items
Strategic partnership	. 742	5
Channel management	. 736	6
Product Diversification	. 708	5
Product Development	. 741	5
Organizational performance	. 744	5

Source: Research Data (2018)

The results in table 4.2 demonstrate high reliability score for all the variables.. From the findings, Cronbach's for strategic partnership was 0.742, Channel management was 0.736, Product diversification was 0.708, Product development was 0.741 and Organizational Performance was 0.744. This therefore indicates that the Cronbach's values for this study was greater than 0.7 threshold. It was therefore concluded that the research instrument were reliable.

4.4 Demographic Information

The study sought to establish the demographic information of respondents. The demographic information included gender of respondents, age bracket and length of service.

4.4.1 Gender of Respondents

Gender was viewed as a factor that may influence the respondents' attitude in relation to the strategies used by mobile providers. On gender the response was as follows:

Table 4.6: Gender of the Respondents

Gender	Frequency	Percentage (%)
Male	57	59
Female	40	41
Total	97	100

Source: Research Data, (2019)

The study sought to establish the gender of the respondents. From the study findings as illustrated on table 4.6, majority of the respondents 59% were male while 41% were female. This indicates that male respondents were the dominant gender in this study.

4.4.2 Age Bracket of the respondents

Variety in age was regarded as a factor that may influence respondents opinion on strategies used. On age the response was as follows:

Table 4.7: Age

Age	Frequency	Percentage (%)
18-25	12	12
26-35Years	39	40
36 – 45 Years	25	26
46 and above	21	22
Total	97	100.0

Source: Research Data (2019)

The respondents were required to indicate their age bracket. The study findings were as follows; 12% of respondents were 18-25 years, 40% of respondents were 26-35 years, 26% of respondents were 36-45 years while 22% of respondents were 46 years and above. This indicates that most of the respondents were 26-35 years.

4.4.3 Length of service

In this category, the respondents were asked how long they had served in the company. The results were as follows:

Table 4. 8 Length of Service

Service	Frequency	Percentage
Below 5 Years	15	15
6-10 Years	36	37
11 – 15Years	27	28
16 Years and above	19	20
Total	97	100.0

Source: Research Data (2019)

The study findings indicated that 15% of respondents had worked below 5 years, 37% of respondents had worked between 6-10 years, and 28% of respondents had worked for 11-15 years while 20% of respondents had worked for 16 years and above. This indicates that most of the respondents had worked for 6-10 years. This indicates that most of the respondents had been in the organization for over 5 years and were in a position to offer reliable information related to strategic practices.

4.5 Descriptive Statistics

Mugenda and Mugenda (2003) define descriptive statistics as the analysis of data that helps describe, show or summarize data in a meaningful way and highlighted that descriptive statistics is useful to summarize group of data using a combination of tabulated description.

4.5.1 **Strategic Partnership Strategies**

Table 4.9 Indicates the results for respondents' agreement with statements on the influence of strategic partnership strategies on performance. A scale of 1-5 was used. Where; 5= Strongly Agree; 4 = Agree; 3 = Neutral; 2 = Disagree and 1 = Strongly Disagree

4.9 Strategic Partnership Strategies

Statement	**Mean**	**Std. Dev**
Sharing of business assets such as M-banking and money transfer platforms have attracted customer attention and thus increased sales	3.87	0.831
As a result of strategic partnership the mobile money business has increased efficiency in transactions which in turn has led to more sales and profits	3.75	0.735
Strategic partnerships have led to sharing technology know how and this has increased operations efficiency	3.90	0.671
Shared resources among firms has increased customer base/market hence more sales and profits	3.81	0.731
Mobile providers involvement in strategic partnership with other companies has increased sales	3.76	0.763
Overall Mean: 3.82		

From the findings on table 4.6 majority of the respondents agreed that Sharing of business assets such as M-banking and money transfer platforms have attracted customer attention and thus increased sales with a mean of 3.87. Respondents agreed that as a result of strategic partnership the mobile money business had increased efficiency in transactions which in turn has led to more sales and profits with a mean of 3.75. Most of the respondents with a mean of 3.90 felt that Strategic partnerships have led to sharing technology know how and this has increased operations efficiency. Respondents with a mean of 3.81 felt that Shared resources among firms has increased customer base/market hence more sales and profits. Most of the respondents agreed that

Mobile providers' involvement in strategic partnership with other companies has increased sales with a mean of 3.76.

The overall mean of 3.82 indicate that most of the respondents were in agreement with the effectiveness of strategic partnership practices. This is supported by Ehrbeck and Tarazi (2011) who contends that strategic partnership creates alliances that support a firm's services. It creates a strong, large, and motivated agent network

4.5.2Channel Management Strategies

The study sought to establish respondents' views on channel management strategies. The respondents used a Likert scale of 1 – 5 such that; 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree.

Table 4.10 Channel Management Strategies

Channel Management Strategies	**Mean**	**Std. Dev**
The company ensures that customers get the right product at the right time, in the right quantity	3.68	0.943
Our products are easily accessible to customers in different geographical regions in Kenya	3.69	0.897
Brand control is ensured through keenness in managing and directing all the activities involved in getting the products from the manufacturer to the customer.	3.65	0.881
Frequent training is carried out to ensure a smooth flow on products to consumers	3.61	0.776
Partners are well managed to ensure a continued supply of goods.	3.89	0.889
Efforts have been made to ensure customers have direct communication with management in case of any dissatisfaction	3.69	0.991
Overall Mean	**3.71**	

Most of the respondents agreed that the company ensured that customers got the right product at the right time, in the right quantity with a mean of 3.678. Respondents agreed that their products were easily accessible to customers in different geographical regions in Kenya with a mean of 3.69. Most of the respondents' agreed with a mean of 3.65 that brand control was ensured through keenness in managing and directing all the activities involved in getting the products from the manufacturer to the customer. Respondents were also in agreement with a mean of 3.61 that frequent training was carried out to ensure a smooth flow on products to consumers. Most of the respondents with a mean of 3.89 agreed that partners were well managed to ensure a continued supply of goods. Majority of respondents with a mean of agreed that efforts had been made to ensure customers have direct communication with management in case of any dissatisfaction.

The overall mean of 3.71 indicates that most respondents were in agreement with the effectiveness of Channel Management Strategies in their company. This is supported by Fathalla et al. (2011), who indicates that channel management strategies act as plans that ensure a product is moved from the manufacturer to the consumer. This creates better relationship between the producers and consumers and increase sales.

4.5.3 Product Diversification Strategies

The study sought to establish respondents' views on product diversification strategies. The respondents used a Likert scale of 1 – 5 such that; 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree.

Table 4.11 Product Diversification

Product Diversification	Mean	Std. Dev
The company has improved and modified products and this has increased the revenues for the company	3.89	.800
Introduction of varied products has increased the Subscriber Base Growth	4.01	.932
Due to the varied products introduced customers are able to pick products that cater for their needs and interests.	4.03	1.29
The new product lines introduced by the firm have attracted a diverse range of customers	3.91	.551
Increased sales in the company can be attributed to the company's product diversification strategies.	3.75	.947
Overall Mean	**3.92**	

Respondents agreed that the company had improved and modified products and this has increased the revenues for the company with a mean of 3.89. They agreed that the Introduction of varied products has increased the Subscriber Base Growth with a mean of 4.01. Most of the respondents with a mean of 4.03 agreed that due to the varied products introduced customers were able to pick products that cater for their needs and interests. Respondents agreed with a mean of 3.91 that the new product lines introduced by the firm had attracted a diverse range of customers. Most of the respondents agreed that increased sales in the company can be attributed to the company's product diversification strategies with a mean of 3.75.

The overall mean of 3.92 indicate that respondents were in agreement of the advantage of product diversification in the company. This is supported by Stuart and Cohen (2014) who indicate that through product diversification businesses are able to expand opportunities through additional market potential of an existing product. Stuart and

Cohen (2014) observed that although the predominant use of M-PESA was still sending money, some people used it for savings. Product diversification helps a company achieve additional markets. The product are also improved, altered or changed, or new marketing activities are developed.

4.5.4 Product Development Strategies

The study sought to establish respondents' views on product development strategies. The respondents used a Likert scale of 1 – 5 such that; 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree.

Table 4.12 Product Development Strategies

Product Development Strategies	Mean	Std. Dev
The introduction of new technologies gives value addition in terms of customer product preference hence more sales and profitability	3.95	.802
The varied mobile product promotion strategies have increased product awareness and have been very beneficial in growth and expansion	3.81	.799
The efficiency in product transactions to our customers has helped increased sales	3.79	.883
The frequent channeling of new products in the market has created quality improvement and customer loyalty	4.07	.892
The development and emphasis on quality products has improved sales	3.98	.885
Overall Mean	**3.91**	

Respondents agreed with a mean score of 3.95 that the introduction of new technologies gives value addition in terms of customer product preference hence more sales and profitability. They were also in agreement that the varied mobile product promotion strategies have increased product awareness and have been very beneficial in growth and expansion with a mean of 3.81. Respondents agreed that the efficiency in product transactions to our customers has helped increased sales with a mean of 3.79. Respondents agreed that the frequent channeling of new products in the market has created quality improvement and customer loyalty with a mean of 4.07. They agreed with a mean of 3.98 that the development and emphasis on quality products has improved sales.

The overall mean of 3.91 indicate that most of the respondents agreed that product development strategies were effective. This view is supported by Ehrbeck and Tarazi (2011) who indicates that effective product development results in positive product experience by customers. It addresses the needs of the current customers and the wider customer markets. It creates interaction with other organizational members and with external parties. It enhances the focus on the needs of the current customers and the wider customer markets new products are helpful to the financial health of firms. The impact of mobile money is likely to extend to the public sector through increased efficiency and reach (Ehrbeck & Tarazi (2011).

McKinsey et al. (2010) estimates that connecting poor households to an electronic payment system for cash transfers would have considerable impact through reduced leakages, transaction costs, and overheads .It would also improve the government's ability to monitor financial flows, collect tax revenues, and reduce illicit activity. Government's use of mobile money such as salary disbursements could prove to be an enormous driver of the service throughout the economy on the whole

4.5.5 Performance

The study sought to establish respondents' views on performance among mobile phone providers. The respondents used a Likert scale of 1 – 5 such that; 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree.

Table 4.13 Performance

Performance	Mean	Std. Dev
Our company has been able to achieve its set targets and goals	3.61	.682
The company has expanded its market widely in the last three years	3.73	.708
The reputation of the company has highly improved in the past three years	3.86	.815
The company indicated high profit margins in the last financial year budgets	3.74	.753
Return on assets are high in the company	3.65	.732
Overall Mean	**3.70**	

Most of the respondents were in agreement that their company had been able to achieve its set targets and goals with a mean of 3.61. Respondents agreed that their company had expanded its market widely in the last three years with a mean of 3.73. Respondents agreed with a mean of 3.86 that the reputation of the company had highly improved in the past three years. Most of the respondents agreed that the company indicated high profit margins in the last financial year budgets with a mean of 3.74. Respondents agreed with a mean of 3.65 that Return on assets are high in the company. The overall mean was 3.70 indicating that most respondent felt performance was good.

4.6 Hypothesis Testing

Inferential Statistics deals with conclusions, generalizations, predictions, and estimations based on data from samples (Mugenda & Mugenda, 2003). Inferential statistics makes inferences about populations using data drawn from the population. The different insights into the nature of the data gathered were as below;

4.6.1 Correlations analysis

Correlation is a term that refers to the relationship between two variables (Mugenda & Mugenda, 2008). A strong or high correlation means that two or more variables have a strong relationship with each other while a weak or low, correlation means that the variables are hardly related. The value of -1.00 represents a perfect negative correlation while a value of +1.00 represents a perfect positive correlation. A value of 0.00 means that there is no relationship between variables being tested (Mugenda & Mugenda, 2003).

The most widely used types of correlation coefficient are the Pearson correlation which is also referred to as linear or product-moment correlation. This analysis assumes that the two variables being analyzed are measured on at least interval scales. The coefficient is calculated by taking the covariance of the two variables and dividing it by the product of their standard deviations. In this study, Pearson correlation is carried out to determine how the research variables related to each other. Pearson's correlation reflects the degree of linear relationships between two variables. It ranges from+1 to -1. A correlation of +1 means there is a perfect positive linear relationship between variables (Mugenda & Mugenda, 2008).

Table 4.14 : Correlations Coefficient

		Strategic Partnership	Channel management	Product Diversification	Product Development	Performance
Strategic Partnership	Pearson	1				
	Correlation					
	Sig. (2-tailed)	97				
Channel Management	Pearson	.575	1			
	Correlation	.000				
	Sig. (2-tailed)	97	97			
Product Diversification	Pearson	.540	.663**	1		
	Correlation	.000	.000			
	Sig. (2-tailed)	97	97	97		
Product Development	Pearson	.527	.677	.540**	1	
	Correlation	.000	.000	.000		
	Sig. (2-tailed)	97	97	97	97	
Performance	Pearson	.771**	.706**	.635**	.610**	1
	Correlation	.000	.000	.000	.000	
	Sig. (2-tailed)	97	97	97	97	97

**. Correlation is significant at 0.01 level (2-tailed)

The correlation analysis to determine the effect of strategic partnership on performance shows a significant correlation existed ($r = 0.771$, $p < 0.05$). Pearson's correlations coefficient was higher than 0.5 suggestion a strong relationship existed between the two variables. The study had also sought to determine the effect of channel management on performance. The analysis yielded a Pearson correlation coefficient of $r = 0.706$, $p < 0.05$; indicating that a strong relationship existed between the channel management and performance. The study also sought to determine the effects of product diversification on performance. The analysis showed ($r = 0.635$, $p<0.05$) indicating a strong relationship between the two variables. The study also sought to determine the effect of product development on performance. The analysis yielded Pearson correlations coefficient is ($r = 0.610$, $p< 0.05$) indicating a strong relationship between the two variables. Hence, it is evident that all the independent variables could explain the levels of performance. The correlation summary shown in Table 4.12 therefore indicates that the associations between each of the independent variables and the dependent variable were significant.

4.6.2 Multiple Regression Analysis

Multivariate regression analysis was used to determine the significance of the relationship between the dependent variable and all the independent variables pooled together. This analysis indicates how the independent variables influence the dependent variable collectively and to what extent each independent variable affect the dependent variable. The results are indicated in the model summary in Table 4.10

Table 4.15: Multiple Linear Regression Analysis Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.767[a]	.688	.679	2.705

a. Predictors: (Constant), Strategic partnership; Channel management; Product Diversification Strategies; Product Development Strategies

In Table 4.15, R is the correlation coefficient which indicates the relationship between the study variables, from the findings shown in the table 4.10 it is notable that there exists a strong positive relationship between the study variables as shown by 0.767. The coefficient of determination that is the percentage variation determination in the dependent variable that supported by the variation in independent variables is indicated by the R square which is 0.688. This implies that 68.8 % of the variance in performance can be explained by; Strategic partnership strategies; Channel management strategies; Product Diversification Strategies and Product Development Strategies. This indicates that 31.2% of the changes can be explained by other factors. Adjusted R squared is coefficient of determination which indicates the variation in the dependent variable due to changes in the independent variable. From the findings in the above table the value of adjusted R squared was 0.679, an indication that there was variation of 67.5 percent.

4.6.3 Analysis of Variance

The Analysis of Variance (ANOVA) indicates how well the model fits. The data and the results were presented on table 4.11 as shown

Table 4.16: Analysis of Variance (ANOVA)

	Sum of Squares	df	Mean Square	F	Sig.
Regression	12.841	4	3.210	30.001	.001[b]
Residual	8.991	92	.107		
Total	21.832	96			

a**a. Dependent Variable:** Performance

b. Predictors: (Constant, Strategic Partnership Strategies, Channel Management Strategies, Product Diversification Strategies and Product Development Strategies

Source: Field data, (2019)

From the ANOVA statics, the study established the regression model had a significance level of 0.001% which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance was less than 0.05. F (30.001) statistic is the regression mean divided by the residue mean. The significant value shown by 0.001 is smaller than estimated value of 0.05 which implies that the data was significant for making conclusion that is the predictors variable; Strategic Partnership Strategies, Channel Management Strategies, Product Diversification Strategies and Product Development Strategies explains the variation in the dependent variable that is performance.

The model is statistically significance in predicting the considered factors Strategic Partnership, Channel Management Strategies, product Development Strategies, Product Diversification Strategies, affect performance of mobile service providers in Kenya.

4.6.4 Regression Coefficients

Table 4.17: Regressions of coefficients

Variable	B	Std. Error	t	Sig.
(Constant)	1.136	0.226	5.026	0.01
SMS	0.317	0.127	2.496	0.000
CMS	0.273	0.102	2.676	0.000
PDS	0.199	0.085	2.341	0.003
ProDS	0.107	0.104	1.029	0.001

a. Dependent Variable: Performance

From the analyzed data in table 4.11 the established regression equation was:

$Y = 1.136 + 0.317X_1 + 0.273X_2 + 0.199X_3 +0.107X_4$

X_1 is Strategic Management Strategies (SMS), X_2 is Channel Management strategies (CMS) ; X_3 is Product Diversification strategies(PDS) while X_4 is Product Development strategies (proDS). From the above linear regression model, (Table 4.12) all independent variables have positive coefficient. This shows that there is a positive relationship between dependent variable; performance and independent variables; strategic management strategies, channel management strategies; product diversification strategies and product development strategies.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings, and also gives conclusions and recommendations of the study based on the objectives of the study.

5.2 Summary of findings

5.2.1 Strategic Partnership

In examining the extent to which strategic partnership strategies influenced performance among mobile providers respondents indicated that sharing of business assets such as M-banking and money transfer platforms had attracted customer attention and thus increased sales. Respondents pointed out that strategic partnership within the mobile industry had increased efficiency in transactions which in turn led to more sales and profits. Respondents indicated that strategic partnerships had led to sharing technology know how and this has increased operations efficiency. They pointed out that Shared resources among firms had increased customer base/market hence more sales and profits. They pointed out that Mobile providers' involvement in strategic partnership with other companies has increased sales. The correlation analysis to determine the effect of strategic partnership on performance shows a significant correlation existed ($r = 0.771$, $p < 0.05$). Pearson's correlations coefficient was higher than 0.5 suggestion a strong relationship existed between the two variables.

5.2.2 Channel Management Strategies

In examining the effect of Channel Management Strategies on performance among mobile providers, respondents indicated that their companies ensured that customers got the right product at the right time, in the right quantity. They pointed out that their products were easily accessible to customers in different geographical regions in Kenya . they indicated that brand control was ensured in managing and directing all the activities involved in getting the products from the manufacturer to the customer. Respondents indicated that frequent training was carried out to ensure a smooth flow on products to consumers. Respondents indicated that business Partners were well managed to ensure a continued supply of goods. They pointed out that efforts had been made to ensure customers have direct communication with management in case of any dissatisfaction. Most of the respondents felt their firms had in place effective Channel Management Strategies and products moved with ease from the manufacturer to the consumer. On the effect of channel management on performance, the analysis yielded a Pearson correlation coefficient of $r = 0.706$, $p < 0.05$; indicating that a strong relationship existed between the two variables.

5.2.3 Product Diversification strategy

Most of the respondents indicated that their companies had improved and modified products and this had increased the revenues. They pointed out that the introduction of varied products has increased the Subscriber Base Growth. Respondents indicated that due to the varied products introduced customers were able to pick products that catered for individual needs and interests. They pointed out that new product lines introduced by their companies had attracted a diverse range of customers. They felt their increased sales could be attributed to the company's product diversification strategies. They felt through product diversification their company was able to expand opportunities through additional market potential of an existing product. On the effects of product diversification on performance, the analysis indicated ($r = 0.635$, $p<0.05$) to show a strong relationship between the two variables.

5.2.4 Product Diversification strategy

The study also sought to determine the effects of product development on performance. Respondents indicated that the introduction of new technologies gave value addition in terms of customer product preference hence more sales and profitability. They pointed out that varied mobile product promotion strategies had increased product awareness and had been very beneficial in growth and expansion Respondents Stated that frequent channeling of new products in the market has created quality improvement and customer loyalty. They indicated that the development and emphasis on quality products has improved sales. They pointed out that effective product development had resulted in positive product experience by customers. Product development had addressed the needs of the current customers and the wider customer markets. The analysis yielded Pearson correlations coefficient is ($r = 0.610$, $p< 0.05$) to indicate a strong relationship between the two variables.

5.3 Conclusions

From the findings of the study, it can be concluded that strategic partnership strategies have an influence on performance in the Mobile Services industry. The correlation analysis indicated a significant correlation existed ($r = 0.771$, $p < 0.05$). Pearson's correlations coefficient was higher than 0.5 suggestion a strong relationship existed between the two variables. There is a significant relationship between channel management strategies and performance as the analysis yielded a Pearson correlation coefficient of $r = 0.706$, $p < 0.05$; indicating that a strong relationship existed between the two variables. There is a significant relationship between product diversification and performance as indicated by the correlation analysis ($r = 0.635$, $p<0.05$) to show a strong relationship between the two variables. There is a relationship between product development and performance as indicated by a Pearson correlations coefficient is ($r = 0.610$, $p< 0.05$) to indicate a strong relationship between the two variables. The coefficient of determination indicated by the R square was 0.688. This implies that 68.8 % of the variance in performance could be explained by Strategic partnership strategies; Channel management strategies; Product Diversification Strategies and Product Development Strategies.

5.4 Recommendation

5.4.1 Strategic Partnership Strategies

Strategic partnership strategies were found to have a positive influence on performance in the mobile services industry. The researcher suggests that through research, mobile service providers should seek to understand the gaps not yet bridged through current strategic partnerships entered into by mobile service operators, as well as looking to explore other services not yet offered through such partnerships in order to develop products to fill those gaps. Also, they should seek to develop more channels besides mobile money agencies and retailing of prepaid airtime through vendors in order to establish more retail partnerships to ensure more reach and presence.

5.4.2 Channel Management Strategies

The study also found channel management strategies had a positive influence on performance. It is therefore recommended that mobile service providers invest more on their channels through training of their agents, and offering better incentives to their agencies to ensure improved uptake of agency in order to improve reach. Furthermore, more research should be done by the companies to better understand customer needs and to improve their agents to give their customers the best possible service.

5.4.3 Product Diversification Strategies

The findings indicated that product diversification significantly influenced performance in the Mobile Services Sector in Kenya. Accordingly, the study therefore recommends that the players in the industry should find ways in which to maximize on product diversification through research, to identify additional market potentials, to properly adjust their pricing models, and understand their customer needs, re-pricing their products to achieve more penetration and allow them to benefit from improved economies of scale, and modeling their products to better suit the needs of their customers.

5.4.4 Product Development Strategies

Product development strategies have a positive influence on performance of mobile service providers in Kenya. It is recommended that the product development departments of mobile service providers should be tasked with development of products that have a shorter roll out period. Moreover, they should also be properly funded and adequately staffed to ensure quicker and continual development of new products in order to meet the ever growing customer needs and demands.

5.5 Suggestions for Further Study

The coefficient of determination that is the percentage variation determination in the dependent variable that supported by the variation in independent variables is indicated by the R square was 0.688. This implies that 68.8 % of the variance in performance could be explained by; Strategic partnership strategies; Channel management strategies; Product Diversification Strategies and Product Development Strategies. This indicates that 31.2% of the changes can be explained by other factors. A study should be carried out to address this other factors.

Due to the dynamic nature of the mobile sector and advancements in technology, a similar study should be conducted after a period of time in the sector in order to investigate the effectiveness of the strategic management practices implemented. .

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APPENDIX I: QUESTIONNAIRE

Dear Respondent,

RE: EFFECT OF STRATEGIC MANAGEMENT PRACTICES ON PERFORMANCE OF SELECTED MOBILE SERVICE PROVIDERS IN NAIROBI- KENYA

I'm a student at Kenya Methodist University and currently pursuing a Master's degree in business administration (Strategic Management Option). As a requirement for partial fulfillment for the Masters degree award, a research project must be done. I hereby request for your assistance in filling the attached questionnaire that will facilitate me to prepare and complete the research project.

I assure you that all the information provided herein shall be treated in strict confidence.

Thank you in advance

Yours sincerely,

MAUREEN MURUGI NJOROGE

QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

By the means of tick (√) kindly indicate an option that best describes you where appropriate. Also fill in the blanks where necessary.

1. Gender : Male ( ) Female ( )

2. Age

   18-25 ( )

   26-35Years ( )
   36 – 45 Years ( )

   46 and above ( )

3 Length of service

Below 5 Years ( )
6-10 Years ( )
11 – 15Years ( )
16 Years and above ( )

B: STRATEGIC PARTNERSHIP STRATEGIES

Please indicate your overall evaluation as to whether strategic partnerships strategies affect the firms performance by placing a check (√) mark in the relevant box below using the following scale; 1. Strongly Disagree 2. Disagree 3.Neutral 4. Agree 5. Strongly Agree

Statement	**1**	**2**	**3**	**4**	**5**
Sharing of business assets such as M-banking and money transfer platforms have attracted customer attention and thus increased sales					
As a result of strategic partnership the mobile money business has increased efficiency in transactions which in turn has led to more sales and profits					

Strategic partnerships have led to sharing technology know how and this has increased operations efficiency					
Shared resources among firms has increased customer base/market hence more sales and profits					
Mobile providers involvement in strategic partnership with other companies has increased sales					

C: CHANNEL MANAGEMENT STRATEGIES

Please indicate your overall evaluation as to whether Channel Management strategies affect the firms performance by placing a check (√) mark in the relevant box below using the following scale; 1. Strongly Disagree 2. Disagree 3.Neutral 4. Agree 5. Strongly Agree

Channel Management Strategies	**1**	**2**	**3**	**4**	**5**
The company ensures that customers get the right product at the right time, in the right quantity					
Our products are easily accessible to customers in different geographical regions in Kenya					
Brand control is ensured through keenness in managing and directing all the activities involved in getting the products from the manufacturer to the customer.					
Frequent training is carried out to ensure a smooth flow on products to consumers					
Partners are well managed to ensure a continued supply of goods.					
Efforts have been made to ensure customers have direct communication with management in case of any dissatisfaction					

D: PRODUCT DIVERSIFICATION STRATEGIES

Please indicate your overall evaluation as to whether product diversification strategies affect the firms performance by placing a check (√) mark in the relevant box below using the following scale; 1. Strongly Disagree 2. Disagree 3.Neutral 4. Agree 5. Strongly Agree

Product Diversification	1	2	3	4	5
The company has improved and modified products and this has increased the revenues for the company					
Introduction of varied products has increased the Subscriber Base Growth					
Due to the varied products introduced customers are able to pick products that cater for their needs and interests.					
The new product lines introduced by the firm have attracted a diverse range of customers					
Increased sales in the company can be attributed to the company's product diversification strategies.					

E: PRODUCT DEVELOPMENT STRATEGIES

Please indicate your overall evaluation as to whether product development strategies ffect the firms performance by placing a check (√) mark in the relevant box below using the following scale; 1. Strongly Disagree 2. Disagree 3.Neutral 4. Agree 5. Strongly Agree

Product Development Strategies	1	2	3	4	5
The introduction of new technologies gives value addition in terms of customer product preference hence more sales and profitability					
The varied mobile product promotion strategies have increased product awareness and have been very beneficial in growth and expansion					

The efficiency in product transactions to our customers has helped increased sales					
The frequent channeling of new products in the market has created quality improvement and customer loyalty					
The development and emphasis on quality products has improved sales					

F: PERFORMANCE

Please indicate your overall evaluation on performance by placing a check (√) mark in the relevant box below using the following scale; 1. Strongly Disagree 2. Disagree 3.Neutral 4. Agree 5. Strongly Agree

Performance	**1**	**2**	**3**	**4**	**5**
Our company has been able to achieve its set targets and goals					
The company has expanded its market widely in the last three years					
The reputation of the company has highly improved in the past three years					
The company indicated high profit margins in the last financial year budgets					
Return on assets are high in the company					