

ANALYZING ORGANIZATIONAL LEARNING IN SUSTAINING COMPETITIVE ADVANTAGES A CASE STUDY OF SAFARICOM KENYA

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ABSTRACT

Mobile communications are arguably one of the most dynamic industries in the world. The mobile network operators (MNO) provide essential services to millions of customers every day, including communication, mobile money transfer, and the Internet. The telecommunications industry has dramatically evolved over the last decades as many companies, particularly in developed nations, operate in stagnant markets. Moreover, MNOs have to keep up with the fast-changing and disruptive technological innovations impacting their operations to survive in the market. The main problem facing Safaricom is organizational learning and competitive advantages overridden by other telecommunication companies. The specific objectives is to evaluate the effect of shared vision on sustainable competitive advantages in Safaricom. The theoretical frameworks applicable in the study are experiential learning theory and assimilation theories that play a critical role in identifying the measures of the independent variables. The independent variables in the study are brand loyalty which is measured by customers' level of purchase and repurchase due to addiction to a product; systems thinking, which entails dynamic thinking, holistic thinking, and thinking using the model; a shared vision that encompasses vision attributes and contents. The research data was gathered using questionnaire. A pilot test was conducted on the questionnaire to determine whether the questions are clear or ambiguous, and identifying necessary amendments to the research instrument. A cross-sectional research design was used in the study, and a sample of 501 people out of 5422 in the target population participated in the research. A multiple regression analysis was used to assess the relationship between the independent and dependent variables to meet the objectives. A conclusion on factors hindering growth within the sector were discussed into details and reports also published in assisting future researcher interested in same topic, as well as policy implementers for telecommunication companies. The regression model reveals the level of significance lies above ($p < 0.05$). The significance level is $p = 0.247$. This shows that there is a strong positive significance correlation. The results of the study proved that indeed there is a strong positive correlation significance in all the variables where all the p-values lies within the range of $p < 0.05$. The highest p-value in this case was $p = 0.08$ and the lowest was $p = 0.00$. As a result of putting a high priority on customer happiness, investing in network infrastructure, utilizing its leadership in mobile money, promoting innovation, and establishing strategic alliances, Safaricom Kenya has built a common perspective on lasting competitive advantages. Safaricom has maintained its market dominance in Kenya by staying ahead of the competition and consistently responding to market developments and client demands. In order to further develop its sustainable competitive advantages, Safaricom should concentrate on building a culture of systems thinking, improving stakeholder engagement, emphasizing long-term sustainability, bolstering data analytics and monitoring, and fostering a culture of innovation.

KEYWORDS: Shared vision, competitive strategies, systems thinking and sustainable competitive advantages

1.0 Introduction

From Global perspective the competitiveness of an organization is currently at the center of strategic management thinking. An organization is said to have a competitive advantage when it delivers its value proposition in the market in a superior manner to its competitive set. The sustainable competitive advantage arises when the organization consistently maintains this or another form of competitive advantage within the marketplace, that which other companies cannot duplicate (Liao et al, 2017). The study of competitive advantage and now sustainable competitive advantage got its foundation from the classical Porter's strategic theory that evolved to business inertia, then to strategic resilience, then to organizational transformation, and finally to business sustainability. Over the years, various studies have concluded that competitive advantages of companies have a cycle that includes a planned build up that is followed by short to medium term success with resource accumulation; however, enduring success requires sustainable competitive advantage, which implies permanence in improvement and innovation (Kocoglu et al,

2011).

In United States of America (USA) research philanthropist known as the father of generic model (Michael Porter's Generic model) conducted a study on competitive advantage in their efforts for success in the challenging global environment. Michael Porter's Generic model posits that companies achieve competitive advantage through three strategies, namely differentiation, cost leadership, and customer focus. Gupta and Sahoo (2014) suggest that competitive advantages center on management's capability to exploit employees' core competencies to provide quick response to changing consumer needs and competitors' strategies. According to Soltani and Mehdizadeh (2018), a competitive advantage increases a company's attractiveness to consumers and is evident in the type of values upheld in an entity. The maintenance of competitive advantages helps firms to maintain abnormal returns, produce superior goods, and develop strong internal capabilities (Hakkak, & Ghodsi, 2015). Companies create competitive advantages by aligning all the available resources, including human resources and technologies to consumer needs and environmental changes. Since competitive advantages are directly linked to external factors, organizational learning is the vehicle for attaining these competencies.

From regional perspective a study done in Ireland on the association between organizational learning and competitive advantage focus on multinational companies. In a study of multinational corporations (MNCs) in Ireland, Gunnigle, McDonnell, and Lavelle (2008) established that they invest a significant amount of resources in facilitating learning processes. Commonly used learning processes in MNCs are international projects, expatriate assignments, international networks and formal commitments, and secondments to external entities. Moreover, MNCs have systematic and formal learning processes that ensure that the right skills and capabilities impact all the employees. Field (2017), in a study of DollarCo, an international Australian company established that shared interests among employees were a significant determinant of the success of organizational learning processes. In a study of Vietnamese firms, Pham and Hoang (2019) found that organizational learning is influenced by management commitment, openness and experimentation, systems perspective, and knowledge transfer.

From local perspective a study done in Tanzania by Makabila et al. (2017), on organizational learning being a multi-dimensional concept. According to Makabila et al. (2017), organizational learning is how employees acquire and use new knowledge to provide appropriate responses to the ever-increasing complex business problems. It is centered on the personnel's understanding of macro and micro-environmental issues and their willingness to adopt the desired pattern of behavior (Gilaninia, Ganjini& Karimi, 2013). A company can leverage the new knowledge to detect and correct errors impacting business operations; it comprises four primary elements: information acquisition, dissemination, collective interpretation, and organizational memory. Learning transforms organizational processes, and strategic directions as employees apply the knowledge acquired through formal and informal processes to different processes leading to the maintenance of sustainable competitive advantages.

Additionally, several studies have been conducted to assess the extent of organizational learning and its benefits in African countries. A South African study revealed that the effectiveness of organizational learning is influenced by four factors, namely risk management, knowledge conversion, open dialogues, and participative decision-making; it also noted that these factors lead to social innovation. Obasi and Motshegwa (2010) evaluated the efforts of organizational learning in the University of Botswana and found that the process was facilitated by the presence of a shared vision, supportive structure, access to learning opportunities, and a motivated workforce. Hussein et al. (2014) argued that organizational culture aids in the establishment of a learning culture that directly contributes to organizational innovativeness and excellent performance in the long-run. Kanya, Ntayi, and Ahiauzu (2011) focused on the concept of organizational learning in Uganda by assessing its impact on the competitiveness of Makerere University Business School. The study findings revealed that the interaction between brand loyalty and innovation during the organizational learning process leads to the maintenance of competitive advantages.

In Kenya as the area of study, several studies on organizational learning and competitiveness or performance of entities have focused on Kenya. Ouma et al. (2017) examined the connection between organizational learning and the performance of insurance companies. The study found that organizational learning positively impacted company performance by the realization of higher returns on assets, market share, and overall performance. Makabila et al. (2017) examined the role of organizational learning and competitiveness of state corporations in Kenya and found out a positive association between organizational learning and firm performance.

Moreover, the study also found three factors that influence organizational learning in a company: culture, systems thinking, and a positive learning environment. Sarange, and Elizabeth, (2019) found that organizational learning in Kenyan universities was adversely affected by anti-learning environmental factors, including culture, formalized structure, and lack of personal goals. Therefore, companies should create a favorable learning environment to achieve competitive advantages. However, hardly any studies focus on the role of learning organizations on the attainment of competitive advantages in Kenya's biggest telecommunications company. Therefore, this study seeks to fill the gap by assessing the role of learning in sustaining competitive advantages on Safaricom's, which is Kenya's most dominant telecommunications company.

2.0 Statement of the Problem

Companies in developing markets are searching for sources of advantage that may put them ahead of the competition, increase

productivity, and boost their bottom lines in the current competitive business climate 2018. Anning-Dorson Competitive advantage cannot be traced to a single existing component in a business; it is the result of a variety of variables working together. As seen by their annual reports from the previous years, Safaricom plc has consistently made investments in innovation, organizational resources, and competencies (Oloo, 2018; Safaricom, 2019; Safaricom, 2018). The competitors in the telecoms sector have been engaged in fierce rivalry as they vie for market share. The main firms were forced to match their competitors' product offers and marketing strategies. The sector reacted negatively to the new rules and regulations that the government has introduced. Safaricom's market share in the sector has decreased over the past three years despite investments in a few key strategic sectors (Communications Authority of Kenya, 2018).

The main problem facing Safaricom is organizational learning and competitive advantages overrides by other telecommunication companies. To be specific competition from other business rivals such as Airtel and Telecom Companies. Companies like Airtel offers cheaper services as compared to Safaricom for instance voice calls and data. This makes customers prefer using Airtel as an alternative to save on data and credit. In most cases when customers loyalty and happiness is not achieved, they tend to divert to alternative services provided it is affordable. This is the reason as to why increased satisfaction is insufficient to ensure brand loyalty and equity within Safaricom. The following are the reasons: Unsatisfied customers may stay loyal because they believe there is no better alternative in the market or because the switching decision is complex. Satisfied customers may switch brands because they have brand indifference or conviction that another brand equally or even better responds to their needs. Some disappointed customers may remain loyal to the brand since their previous brand relationship was significant to them, and they will give it another chance. There could be formal restrictions with a high cost of switch out, for example long-term agreements. In this regard, brand loyalty is a more important determinant of a sustainable competitive advantage than is customer satisfaction (Kuchinka, et al, 2018).

Secondly, Mobile communications are arguably one of the most dynamic industries in the world. The mobile network operators (MNO) provide essential services to millions of customers every day, including communication, mobile money transfer, and the Internet. The telecommunications industry has dramatically evolved over the last decades as many companies, particularly in developed nations, operate in stagnant markets. Moreover, MNOs have to keep up with the fast-changing and disruptive technological innovations impacting their operations to survive in the market. Today, successful MNOs rely on organizational learning to understand environmental factors and develop disruptive innovations to remain ahead of their competitors.

3.0 Research Objectives

The study was guided by the following objective;

- To establish the competitive strategies employed by Safaricom Limited to achieve competitive Advantage.

4.0 Theories

Experiential Learning Theory by John Dewey 1974 and Assimilation Theory by David Ausubel in 1960s

Experiential Learning Theory

This research is guided by the theory of experiential learning that originated in the 19th century in 1974 by John Dewey. The learning process refers to a phase where the trainee progresses via the series of experiences, reflection, reasoning, and acting in a repetitive maintenance distinctive from each learning scenario (Seaman, Brown, & Quay, 2017). Specifically, observations trigger insight and evaluation, ingrained, and incorporated into theoretical principles that trigger new behavioral studies. McCarthy (2016) stated that experiential learning is essential in helping individuals learn something new by testing their unique abilities. It involves brand loyalty that encompasses the principle of developing the urge of repurchase of a particular brand several times due to the love for the brand which is referred to as brand loyalty.

This theory connects to the study in that business is a learning process where competition must be met to retain customers loyalty. Customer's loyalty is discussed by other scholars as the pillar of business success. The role of customer loyalty on competitive advantage is analyzed further by Affran et al, (2019), in different studies which found that customer loyalty was key to building competitive advantage amongst companies especially through factors such as reduced customer defections, reduced expenditure on budgets such as advertising and sales promotion. Furthermore, customer loyalty enhanced sustainable competitive advantage by increasing the levels of cross selling of products and low levels of price sensitivity amongst customers. In addition, word of mouth referrals, endorsements which ultimately led to increased organization profitability were a result of customer loyalty in organizations.

Assimilation Theory

This theory was founded in the year 1960s by David Ausubel which was widely applied to the area of expressive oral learning. Unlike cognitive theories, assimilation theories to organizational learning highlight the action-based improvements that arise when people learn via performance. Such methods describe learning as being quantifiable, logical, and measurable. Santa and

Nurcan (2016) describe three distinct phases in the process of learning; including acquiring new knowledge, developing skills, and ideas together with friendships; exchange of information, defined by the transmission of what was studied; usage of information, comprising the synthesis of learning, makes it widely accessible and adapted for new circumstances.

This is of help to the study as the main target is to help businesses remain in the competitive market. The three steps are heavily tied to behavior, focusing on real implementation than cognitive function. Furthermore, Bhaskar and Mishra (2017) recommended seven educational orientations to flesh out all these three phases that describe the perception and techniques individuals learn, including source of knowledge; focus on product-process; recording individual knowledge possession against public accessibility; distributing knowledge; learning; value-chain, acquisition of talent focus. The researchers' framework's final element is enabling factors, the frameworks, and mechanisms that support the learning process and its usefulness. Therefore, shareholders should form a favorable learning environment by creating an enabling culture, providing employee support, and focusing on organizational growth leading to competitive advantages, such as product differentiation.

5.0 Research Methodology

The study adopted a descriptive cross-sectional research design. The study main target population was narrowed to 5462 employees working at Safaricom's headquarters in Westland's, Nairobi. This was simple to achieve as all the employees operate less than one structural building that is accessible and easy to find everyone without much headache. The study sample size was arrived at with the help of Fishers Formula, which states that, when the population is less than 10,000, a sample of 10% to 30% is considered adequate (Mugenda & Mugenda, 2003). Due to time and resources constraints, 10% of the population of each group was selected for the study. Quantitative data analysis method was used in the study. Pearson correlation analysis was carried out to determine the relationship between the dependent and independent variables. A multiple regression analysis was conducted to determine the extent to which the independent variables explain the dependent variable, and whether the two sets of elements have a linear relationship. The multiple regression method was used to determine the association between the independent variables and dependent variable simultaneously. Noteworthy, the analysis was carried out through the SPSS data analysis tool.

6.0 Findings and Discussion

Competitive strategies employed by Safaricom Limited

The researcher also investigated on the competitive strategies employed by Safaricom that makes it triumph competitors. The study regression significance revealing that $p=0.212$. This means that the p -value lies between $p < 0.05$. Therefore, we can comfortably say that there is a strong significance correlation $\text{sig}=0.212$. This is shown in the table below.

Table 1: ANOVA on competitive strategies

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	21.125	6	3.341	1.217	.212 ^b
	Residual	1327.387	494	2.127		
	Total	1328.638	500			

Source : (Researcher, 2023)

a. Dependent Variable: Competitive Advantage

b. Predictors: (Constant), Loyal customers remain in the brand because of services offered by the parent company, Safaricom good governance and strategies makes it ahead of all brands, I find Safaricom network very strong with good network coverage, Their services are friendly and timely, Safaricom manages to consolidate more customers because of their genuine services, Safaricom has several branches across the country making it easily accessible

The results of the study confirmed that it is true Safaricom has a number of competitive strategies that makes it a leading telecommunication giant in Kenya. This is also confirmed in the literature review by other researchers on strategies that companies uses to outsmart their competitors. Naseem et al. (2020) used descriptive research statistics to conduct study on customer loyalty and competitive advantage across Asian organizations. They discovered a favorable association between loyal customers and competitive advantage among customers of different Asian enterprises. Chu made note in particular that brand commitment and repurchase rates were closely correlated with loyal consumers' behavior and good attitudes about the brands. Ho Lee & Jung's (2018) results, which found that devoted clients were less likely to transfer businesses based on variables like pricing, were in agreement with those of Safaricom.

According to qualitative investigation, one of the respondents said that "on competitive strategies employed by Safaricom Limited in achieving competitive advantage depends on good Safaricom network coverage all over the country. On the other hand, Safaricom has various services that someone can choose from. It is also of common knowledge that Safaricom has several

services across the country that makes us better as compared to other competitors. “All departments of Safaricom encourage good communication strengthening team work and cooperation. It is also evident that Safaricom offers friendly services as per my own observation and that make us unique hence scoring above other competitors.

(Respondent I)

Another respondent also recorded that “indeed our network has very minimal or no downtime interference. At the same time on the question regarding Saafaricom services ranging from data services making everyone to afford their services is true because several packages of data services are available as low as 5Ksh which makes it affordable to everyone. As much as I disagree with the statement that customer have no other competitive brand that matches Safaricom. “*I would say that indeed there are other competitors in the market that are worth being threat to Safaricom but because of better strategies Safaricom stands a better chance than them. Therefore, I have a general belief that Safaricom is just strategic*”.

(Respondent J)

Regression on competitive strategies

The researcher subjected the variable competitive strategies into a regression analysis with respect to several indicators of competitive strategies. The results of the study proved that indeed there is a strong positive correlation significance in all the variables where all the p-values lies within the range of $p < 0.05$. The highest p-value in this case was $p = 0.08$ and the lowest was $p = 0.00$.

This also tallies with other researchers that have been earlier conducted as illustrated in the literature review that Overall, brand loyalty improves competitive advantage in a variety of ways, including through enhanced profitability, customer retention, customer behavior, and cost of the customer. According to Reichheld et al. (2000), improving customer retention improves cash flow management, lowers customer attrition rates, and lowers customer costs. Repeat and frequent purchases by customers are measured by improved customer behavior and better word-of-mouth advertising of the brand (Belwal & Amireh, 2018). Customer pleasure, which itself fosters a competitive advantage, has been recognized to be at the core of brand loyalty in academic circles as well as in corporate thought and practice.

Table 3: Regression on competitive strategies

		Coefficients ^a	Sig.
1	(Constant)		.000
	I find Safaricom network very strong with good network coverage		.077
	Safaricom has several branches across the country making it easily accessible		.053
	Their services are friendly and timely		.077
	Safaricom manages to consolidate more customers because of their genuine services		.073
	Safaricom good governance and strategies makes it ahead of all brands		.049
	Loyal customers remain in the brand because of services offered by the parent company		.088

Source :(Researcher, 2023)

a. Dependent Variable: Competative Advantage

7.0 Summary and Conclusion

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8.0 Recommendation

1. Foster a Culture of Systems Thinking: Safaricom should keep promoting and integrating systems thinking concepts into all aspects of the business. This may be accomplished by offering training and seminars on systems thinking principles and motivating staff members at all levels to approach problem-solving and decision-making from a holistic point of view. Safaricom will be able to regularly recognize and take advantage of possibilities for sustainable competitive advantages by fostering a culture that values systems thinking.

2. Strengthen Stakeholder Collaboration: Safaricom should continue to improve its relationships with its stakeholders, which include clients, staff members, suppliers, and regulatory agencies. Stakeholders may offer insightful opinions and views by being actively involved in the decision-making process and soliciting their feedback. Safaricom can create plans that not only help the business but also improve the entire sustainability and competitiveness of the Kenyan telecoms ecosystem by taking into account the interconnection and interdependencies of stakeholders.

3. Place an Emphasis on Long-Term Sustainability: Safaricom should keep putting long-term sustainability ahead of immediate advantages. This entails taking into account the effects of its activities on the social, economic, and environmental spheres and coordinating its plans with objectives for sustainable development. By include sustainability factors in its decision-making, Safaricom may improve its reputation, draw in ethical consumers, and forge more solid and long-lasting competitive advantages.

4. Strengthen Data Analytics and Monitoring: To better understand system dynamics and spot patterns, trends, and opportunities, Safaricom should invest in strong data analytics capabilities. Safaricom can improve its operations, make better decisions, and react proactively to shifting market situations by utilizing data-driven insights. The organization will also be able to assess the success of its plans, spot possible improvement areas, and make prompt modifications to preserve its competitive advantages by putting in place comprehensive monitoring systems.

5. Promote an Innovation Culture: Safaricom should keep promoting an innovation- and continuous-improvement-focused culture. This may be accomplished by encouraging staff members to investigate novel concepts, test out cutting-edge technology, and adopt a failure-driven attitude. In order to leverage outside knowledge and promote innovation, Safaricom should also actively pursue partnerships and collaborations with tech startups, academic institutions, and other industry players. In a telecom industry that is continually changing, Safaricom can maintain its competitive advantages by being on the cutting edge of technology developments and anticipating client wants.

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