Total Quality Management Practices as a Tool for Competitive Advantage in Safaricom Limited

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Abstract: Specialized Telecommunication institution are facing increasing challenges brought about by the effect of continuous improvement on customer management and the vast opportunities being created by emerging new information technologies. This challenge requires Safaricom Limited to keep pace with the rapidly changing technological and business environment, one that is heavily influenced by events outside the control of these institutions. Safaricom Limited has kept pace by continuously improving product taste, and preference, increased customer service and marketing its products. The study was guided by the following objectives; to establish the effect of customer focus on competitive advantage at Safaricom limited, to establish the effect of continuous improvement on competitive advantage at Safaricom limited, to establish the effect of employee empowerment on competitive advantage at Safaricom limited and to establish the effect of transformational leadership on competitive advantage at Safaricom limited. The study was based on the following theories; Resource-based view theory, Strategic leadership theory and Total perceived quality theory. The study adopted a descriptive case study research design. The study considered 98 management employees of Safaricom limited. The sample was selected through stratified random sampling. Data was analyzed by the use of descriptive statistics and inferential analysis. Specifically, means, frequencies and percentages was used. Correlation and Multiple regression analysis was used to establish the significant factors affecting service delivery. Finding was presented in tables, figures and graphs. The study findings indicated that employees at Safaricom limited were concerned about customer satisfaction. Results indicated that customer focus, continuous quality improvement, employee empowerment and transformational leadership as practices of TQM influenced competitive advantage at Safaricom limited. The study concluded that the organization focuses on current and future customer needs. Similarly, increased revenue and market share were obtained through flexible and fast response to market opportunities; increased use of the organization’s resources to enhance customer’s satisfaction; and improved customer loyalty leading to repeat business are the outcomes of customer focus in the organization. Continuous improvement programs with recognition and incentives to employees are also prime consideration of the management with the focus on factors like employee development and training/ employee empowerment. The study recommends that properly designed training programs on TQM should be regularly organized for the staff. This will ensure that best practices of TQM are also implemented to sustain the competitive advantage. The organization should improve their efforts on employee involvement strategies to achieve organizational business performance. Management and employees should strive to work together in order to create a strong value environment where people will have the primal role. The organization should grow a stronger culture that nurtures high-trust social relationship and respect for individuals, a shared sense of membership of the organization, and a belief that continuous improvement is for the common good.

INTRODUCTION

1.1 Background of the Study

The intensity of global competition has led to significant changes in the way companies conduct their businesses (Al-Rfou et al., 2012). Providing a higher quality service as a strategy for achieving competitive advantage has become a strategic imperative for organizations and senior managements around the world. Quality therefore has become a strategic tool for measuring business performance in today’s dynamic environment (Hassan et al., 2012).

According to Mansour (2007), several quality tools and techniques have been employed to achieve this management objective and Total Quality Management (TQM) has proved to be among the most effective quality techniques that have been applied. Since the introduction of TQM in the early 1980s, it has contributed immensely to management practice around the world. Its importance as a source of competitive advantage cannot be overemphasized by firms. Empirical studies have shown that the way organizations...
Implement TQM can significantly affect the results and business impact, hence organizations need to take proper measure in implementing TQM in their organizations. There are a number of ways by which TQM has been defined. It generally means a quest for excellence, creating the right attitudes and controls to make prevention of defects or errors possible and optimize customer satisfaction by increased efficiency and effectiveness.

The key concern of the organizations all over the world is their continued existence over time (Walker, 2007). However, such continuous organizational life is not automatically assured (Besanko, Dranove, Shanley, & Schaefer, 2007). David (2009) asserts that “Corporations in every corner of the globe are taking advantage of the opportunity to share in the benefits of world economic development. Market are shifting rapidly and in many cases converging in taste, trends, and prices. In such a competitive environment resulted from world globalization and liberalization, firms survive with much difficulty unless they create the competitive advantage over their competitors (Adam & Lamaunt, 2001). With the increasing competitive, business survival pressure and the dynamic, changing customer-oriented environment, total quality management (TQM) has been recognized as one of the important issues and generated a substantial amount of interest among managers (Sousa and Voss, 2002). Since 1980s, TQM has been regarded as one of effective ways for firms to improve their competitive advantage (Kuei et al, 2001).

Similarly, the corporate organizations have constantly adopted their activities and internal configurations to reflect the new external realities (Quinn, 1980). Failure to do this puts future success of the organizations in jeopardy (Aosa, 1998). Total Quality Management (TQM) has therefore become as a management approach of an organisation is centered on quality, based on the participation of all its members and aiming at long term success. This is achieved through customer satisfaction and benefits to all members of the organisation and to society; it is a philosophy for managing organisations in a way which enables them to meet stakeholders’ needs and expectations efficiently and effectively without compromising ethical values.

The service industry has been one of the growth sectors in Kenya’s recovering economy, with service associated companies in the country registering rapid growth in size and profitability, as can be seen from mobile telephone providers, banks and airline carriers. The economies of Western Europe and America have become service economies, with service accounting for approximately three quarters of gross national product and nine out of ten jobs the economy creates (Chen et al, 2015).

Managers in the service industry are under increasing pressure to demonstrate that their services are customer-focused and that there is continuous service improvement on customer management (Shahin, 2006). Understanding the concept of service quality and customer satisfaction adds Shahin (2006), helps service firms to identify service quality gaps, priorities which service gaps to allocate resources and identify the cost-effective way of closing the gaps. AlBassam and AlShawi (2010) suggest that the survival of any firm in a highly competitive industry depends on its ability to provide the best service quality to its customers. Service quality and customer focus are very important concepts that companies must understand in order to remain competitive in business (Chingang & Lukong, 2010). According to Chingang and Lukong (2010) it is important for firms to know how to measure service quality in consumers’ perspective in order to better understand their needs and management. They add that service quality is considered very important because it leads to higher customer focus, profitability, reduced cost, customer loyalty and retention.

Kim et al. (2012) did a study on ISO 9000 certified manufacturing and service firms and found positive relationship between QM Practices and innovation (Product, Process and Administrative). QM Practices result in innovation through process management. Also, QM practices were found to be related to each other, directly or indirectly. An empirical analysis of QM Practices in Japanese manufacturing industries shows that implementation of QMS strongly supports quality and competitive priorities. Further, quality practices significantly depend on each other and support each other (Anh et al, 2006). Tari et al. (2007) studied relationship between TQM constructs and Quality outcomes on 106 ISO 9000 certified Spanish manufacturing and service firms. The study finds that leadership plays a critical role in TQM. Leaders define targets and create relationships with suppliers and customers etc. These practices affect process management and help in continuous improvement which further directly impact quality outcomes. The above discussed researches further call to find if QM practices really brought any improvement in business, which is the bottom line for management.
Molina et al. (2007) empirically studied and found positive relationship between quality management practices (supplier cooperation, customer cooperation, teamwork, autonomy and process control) and firm performance through internal, supplier and customer knowledge transfers. Implementation of QM practices increases sharing of knowledge, information, techniques etc. among team members and establishes climate of cooperation with suppliers and customers, which further increases firm’s performance. Mann et al. (1994) concluded that various quality activities and particularly TQM indeed benefit business performance.

Kaynak (2003) studied the direct and indirect effects among various TQM constructs and effect of these on three levels of performance: Inventory Management performance, Quality performance and financial and market performance. He found positive relationship between TQM constructs and these performance measures. Supplier quality management, product/service design and process management had direct effects on operating performance (inventory management and quality performance). Management leadership, training, employee relations, and quality data and reporting affect operating performance indirectly through supplier quality management, product/service design and process management. TQM practices had positive indirect effect on financial and market performance through operating performance. This research, although takes many factors into account, fails to account for information quality, customer relationships and environment performance. Kaynak et al. (2008) included customer focus as QM practice. In another study by Kaynak et al. (2005), high performing high technology firms were found to have implemented QM practices to a greater extent than low performing high technology firms, which shows that QM practices can definitely add advantage.

1.1.1 Concept of Total Quality Management

TQM is a set of beliefs and principles that portrays the basis of a consistently growing organization. It is the application of quantitative methods and human resources to improve all the processes within an organization and exceed the customer needs now and in the future. Other definitions of TQM are that it is a management style based on producing quality products and services as defined by the customer. However Godfrey (1999), defines it as a quality-centered, customer-focused, fact-based, team-driven, senior-management-led process to achieve an organization’s strategy imperative through continuous process improvement. Furthermore according to Wade (2008) total quality management is a comprehensive and structured approach to organizational management that seeks to improve the quality of products and services through ongoing refinements in response to continuous feedback.

According to Crosby (1984) and Juran (1988) and cited by Hassan et al. (2012) definitions of quality include “conformance to requirements” and “fitness for use”. Another concept of TQM is continuous improvement or KAIZEN. Traditionally change meant for major organizational restructuring. But Japanese introduced the idea of gradual improvement. The idea behind this was, Small changes can be done quickly, easily and continuously without any significant investment’(Ishikawa, 1985). Everyone in an organization plays an important role in quality management. In order for an organization to become a quality organization, all levels must actively participate. Top management must drive fear from the workplace and create an environment where cross-functional cooperation can flourish. The ultimate responsibility for quality in the organization lies in the hands of upper management. It is only with their enthusiastic and unwavering support that quality can thrive in an organization.

The integration of total quality management in the process of every organization will help reduce waste and reduce errors (Youngless, 2000). According to Alemna (2001), another reason why organizations should adopt TQM is that it embodies certain values and approaches, which are common and already established concepts within the organization. These consist of necessary and key part of participative management, staff training and development and responsive service to customers. However, several of the defining and extraordinary elements of TQM such as continuous improvement, quality tools and measurement and customer-focused planning are not commonly applied in organizations. It is for these reasons that organizations are in a position to expand and improve upon principles they already value and employ, while introducing new approaches to planning, problem solving and envisioning future customer services and needs.

1.1.2 Concept of Competitive Advantage

A competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can
include access to natural resources or access to highly trained and skilled personnel human resources. Firms could seek to achieve advantage over competitors through low prices or aim to build up competitive advantage by offering unique products which are characterized by valuable features, such as quality, excellent performance, innovation, and customer services (Porter, 1985). Additionally, Resource-based view states that resources are most important for gaining a competitive advantage and certain characteristics and combinations of these resources can create sustainable competitive advantage.

Competitive advantage is a key determinant of superior performance, and ensures survival and prominent placing in the market. Superior performance is the ultimate, desired goal of a firm; competitive advantage becomes the foundation. It gives firms the ability to stay ahead of present or potential competition and ensure market leadership. The most used measures of competitive advantage in TQM literature are improved revenues, growth in market share, product quality and customer focus (Shenawy et al, 2007).

Shenawy et al. (2007) show that firms with TQM could achieve competitive advantage, because it leads to improved financial performance, improved customer focus, faster response to competitive environment and improved product quality. Kumar et al. (2009) improvements in quality and productivity through effective TQM enable firms to increase their market share and to charge higher prices for their products, which, in turn, results in higher profitability. Increased market share and product quality leads to competitive advantage for firms. In contrast to Kumar et al. (2009), Jimenez and Costa (2009) describe that TQM leads not only to higher quality products but also to cheaper products through cost efficiency which generates competitive advantage.

Al-Rfou et al. (2012) defines competitive advantage as the ability of an organization to produce goods or services more effectively than competitors do, thereby outperforming them. According to Porter (2005), organizations achieve competitive advantage through one or a combination of three approaches: differentiation, cost leadership, or focus. They moved on further to explain that firms employing a differentiation strategy attempt to achieve a competitive advantage by distinguishing their firm's products or services from those of its competitors (ie making their products unique). Firms employing a cost leadership strategy effectively compete on the basis of price. Cost advantages can be achieved through such means as efficiency, cost reductions, tight cost controls or volume. Firm's employing a focus strategy attempt to achieve a competitive advantage by concentrating their efforts on a specific regional market or buyer group (Porter, 2005). Firms employing a Total Quality Management approach can simultaneously achieve all three of Porter's competitive strategies. The focus on improving the quality of products and services to the organization's current customers (thereby increasing customer value), leads both to lower costs of production (cost leadership) which produce both greater profits and lower prices, and differentiation (the firm's products and services are seen as providing higher levels of reliability, quality, and value).

According to Romero (2005) many leaders find it difficult creating a competitive advantage because they are not sufficiently aware of the threats and opportunities in the external environment or their firm’s strength, weaknesses and unique competencies. Again when some managers or firms or organizations are successful in business they think they have a competitive advantage. This is not entirely true, because it is not based on any scientific proof. Such managers, firms or organizations are temporarily successful despite having a weak, or no competitive advantage. It is just a matter of time before other firms, with a strong competitive advantage, will take away their business (Romero, 2005).

How does one create a competitive advantage? Hoffman (2006) differentiated between two categorical sources of Competitive Advantage: superior skills, which are "the distinctive capabilities of personnel that set them apart from the personnel of competing firms", and superior resources, which are "the more tangible requirements for advantage that enable a firm to exercise its capabilities". Srivastava et al. (2008) believe that for personnel to be a source of competitive advantage these personnel must truly understand customers’ needs and must be able to foster business-intimate relationships.

In answering the same question, Romero (2005) is of the view that it is useful to think of tangible and intangible assets. Whilst intangibles are difficult to copy, tangible assets are not. For instance competitors of a company can easily copy its tangibles such as computers or machines. However it is extremely difficult for a competitor to copy a company’s unique culture, transformational
According to Romero therefore, it makes sense to focus on developing competitive advantages that are based on intangible assets or capabilities that are valuable to customers. Firms that are successful over the long-term are unique irrespective of the services and products they provide. It is therefore necessary for firms to avoid copying other firms if they want to achieve competitive advantage. Having unconventional leadership and an adaptive organizational culture, being aware of the internal and external environment, being either a low-cost or differentiated provider in either a broad or narrow market provider are all important in achieving a competitive advantage.

A study conducted by Lamptey (2009) and cited by Andoh (2010) revealed that in Ghana, several organizations are underperforming and finally collapsing because they have relegated quality management to the background. Most of these organizations, particularly the service and manufacturing ones treat customers like beggars, forgetting that in this modern business world customers can make and unmake an organization and so organizations should place quality at the top of its priority table if they want to attain competitive advantage. Quality of employees is a very important element but most organizations ignore it. Because most organizations ignore training and development of their employees, inferior goods are produced by the employees.

1.1.3 Safaricom Limited

Safaricom is a service-providing company specializing in telecommunications. It is considered to be amongst the top performers in the industry in Kenya. With a highly competitive thriving telecommunications market that Kenya has to offer; it is of utmost importance for the telecommunications companies to take into consideration the level of its customer focus. It provides communication and information services, i.e. delivery of voice, data and media over different networks, including computer networks, mobile and telephone networks, and television networks. A currently dominant view is to divide the telecommunication companies' day-to-day operations in to vertical processes of service fulfillment, service assurance and billing (Kelly, 2003; TMF, 2005). Further, the view sees the processes to divide according to the horizontal layers of customer management, service management and network management. The vision for Safaricom Ltd is; - To be Kenya’s Mobile Communication Leader enriching Customers lives by connecting Individuals, Businesses and Communities in a Mobile World (Suri & Jack, 2009). The October to December 2011 Communication commission of Kenya quarterly reported Safaricom as leading the voice market share with 67%. Safaricom has managed to continue being the market leader mainly riding on M-pesa and data products. In the financial year 2011/2012, the mobile operator reported full-year profits after tax of Sh12.6 billion. Safaricom has also dominated the Kenyan data market with 90 percent of mobile broadband. To be able to survive and maintain its market position Safaricom has to ensure a continuous improvement on customer management.

1.2 Statement of the Problem

Service quality has been found to be critical in enabling service companies to identify and implement strategies to meet customer expectations (Maina, 2001). Safaricom Limited is famously known for its exceptional services that it offers to its customers. Safaricom Limited has kept it pace by continuously improving product taste, and preference, increased customer service and marketing its products but there has been issues arising of quality of service being offered by the company has also been given wide attention complaints have risen and have been identified include delayed connections for new supplies and slow response to emergency calls among others and also inconveniences with M-pesa transactions such as breakdown of network (Nyaoga, 2003).

Little empirical evidence has been presented in the evaluation of service quality in Kenya from the perspective of both the providers and customers. Awino et al. (2012) in their study on Total Quality Management and competitive advantage of firms in the horticultural industry in Kenya showed that it is not total quality that has been posting different results, but lack of effective implementation of total quality. Asamba (2014) on Total Quality Management and competitive advantage of commercial banks in Kenya showed that Commercial banks in Kenya have introduced innovative measures, all in the interest of enhancing customers’ comfort. Nyaoga (2003) carried out an analysis of the perception of service quality on services offered by the Kenya Power and Lighting Company Ltd in Mt. Kenya Region. Njorge (2003) carried out a study on customers' perception of service quality in a decentralized system in the public utility sector in Kenya. Both studies concluded that customers were not satisfied by the quality of services offered.
For an organization to achieve competitive advantage it has to differentiate itself in terms of cost and quality of products and services. It needs to be noted that nowadays best quality products and services are not a preserve of one organization. Given the increasing intensity of competition and the demands and expectations of customers and potential customers for quality products and services, organizations day in day out are strategizing to always be within or beat the competition. In view of this the implementation of Total Quality Management has been found by organizations as a very important tool to gain competitive advantage. However as to whether customers and organizations really appreciate and feel the impact of TQM, and if indeed TQM is a source of competitive advantage in the service and manufacturing sectors in Kenya was the motivation for this study. However, only few studies have been carried out to establish the effects of total quality management on competitive advantage in the service industries. This study, therefore, aims to find out the effect of total quality management practices on competitive advantage at Safaricom Limited.

1.3 Objective of the Study

The general objective of the study was to establish the effect of total quality management on competitive advantage at Safaricom Limited.

1.3.1 Specific Objectives

The study was guided by the following specific objectives:

i. To establish the effect of customer focus and satisfaction on competitive advantage in Safaricom limited.

ii. To establish the effect of continuous improvement on competitive advantage in Safaricom limited.

iii. To establish the effect of employee empowerment on competitive advantage in Safaricom limited.

iv. To establish the effect of transformational leadership on competitive advantage at Safaricom limited.

1.4 Research Hypotheses

The study was guided by the following research hypothesis:

\( H_01 \) Customer focus has no influence on competitive advantage at Safaricom limited

\( H_02 \) Continuous improvement has no influence on competitive advantage at Safaricom limited

\( H_03 \) Employee empowerment has no influence on competitive advantage at Safaricom limited

\( H_04 \) Transformational leadership has no effect on competitive advantage at Safaricom limited

1.5 Significance of the Study

The study enabled Telecommunication industries in Kenya, (Safaricom) to recognize that CI efforts have a positive impact on productivity, employee development, quality improvement, organizational culture, enhancing customer service and overall efficiency which in return increases the organization profitability and return on investments.

The study can also be of significant help to the policy makers in the country in understanding how quality services should be provided to the customer as well as keeping in pace with the competition.

The findings contributed to research on continuous improvement which provides a link between the learning in class and the implementation on the ground. It will also form the basis for further research on the topic. It contributed to the policy makers who can recommend continuous improvement programs in their areas of operations.

1.6 Scope of the Study

The study focused on effect of total quality management on competitive advantage in telecommunication industry case study the Safaricom limited. It was confined to 98 management employees of Safaricom limited.

1.7 Justification of the Study

This study was carried out in order to try and establish the effect of total quality management on competitive advantage in telecommunication industry specifically at Safaricom. The study helped in identifying the missing links in as far as service quality and customer focus in the telecommunication industry is concerned. The results of the study was of benefit to telecommunication industries in Kenya, (Safaricom) to recognize that CI efforts have a positive impact on productivity, employee
development, quality improvement, organizational culture, enhancing customer service and overall efficiency which in return increases the organization profitability and return on investments.

LITERATURE REVIEW

2.1 Introduction

This chapter discussed theories relevant to the study. Literature related to the study was also reviewed with the aim of identifying literature gaps. The literature reviewed guided the relevance of the study findings.

2.2 Theoretical Review

According to Thompson et al. (2012), there is a tight connection between competitive advantage and profitability. The quest for sustainable competitive advantage always ranks high in the crafting of strategic framework for the organization. The study was hinged on various theories; these are resource-based view theory, strategic leadership theory and total perceived quality theory.

2.2.1 Resource-Based View Theory

From a resource based view of the firm, it is of high importance to take a close look at the internal organization of a company and its resources in order to understand how competitive advantage is determined within firms (Wernerfelt, 1984). In other words, the central premise of RBV addresses the fundamental question of why firms are different and how firms achieve and sustain competitive advantage by deploying their resources (Kostopoulos et al., 2002).

The resource based perspective of firms is based on the concept of economic rent and the notion of an organization as a collection of capabilities (Kay, 2000). Whereas traditional strategy models focus on the organization’s external competitive environment, the RBV accentuates the need for a fit between the external market context in which a firm operates and its internal capabilities. From this perspective the internal environment of an organization, in terms of its resources and capabilities, is the critical factor for the determination of strategic action (Hunt et al., 2004).

The original idea of viewing a firm as a bundle of resources can be traced back to Penrose (1959), who argues that it is the heterogeneity, not the homogeneity, of the productive services available from its resources that give each company its unique character. The view of the firm’s resources heterogeneity is the basis of the RBV and was advanced by Wernerfelt (1984), suggesting that the evaluation of companies in terms of their disposable resources could lead to different insights from traditional perspectives that view competitive advantage as a rather external paradigm and argue that the alignment of a firm to its external environment is the main determining factor for a firm’s profitability (Porter, 1985). Barney (1991) developed a framework for the identification of the properties of firm resources needed for the generation of a sustainable competitive advantage. The properties include whether resources are valuable, rare among a firm’s current and potential competitors, imitable, and non-substitutable. If resources have these characteristics they can be seen as strategic assets. Subsequently, this notion has been adopted by many researchers (Amit & Schoemaker, 2010; Peteraf, 2010) and expanded to include the properties of resource durability, non-tradability, and idiosyncratic nature of resources.

The RBV can be depicted as an “inside out” process of strategy formulation. A central thrust is the contribution of core competencies as strategic assets, which will be the continuing source of new products and services through whatever future developments may take place in the market, which by their nature, are not known (Connor, 2002). The emphasis of the RBV approach to strategic management decision-making is on the strategic capabilities as basis for superiority of the firm rather than attempting to constantly ensure a perfect environmental fit. Resources are the specific physical, human, and organizational assets that can be used to implement value-creating strategies. Capabilities present the capacity for a team of resources to perform a task or activity (Grant, 1991). In other words, capabilities present complex bundles of accumulated knowledge and skills that are exercised through organizational processes, which enable companies to coordinate their activities and make use of their assets (Day, 1994).

2.2.2 Strategic Leadership Theory

The essence of strategic leadership involves the capacity to learn, the capacity to change and managerial wisdom (Boal & Hooijberg, 2001). Strategic leadership theories are “concerned with the leadership of organizations and are marked by a concern for the evolution of the organization as a whole, including its changing aims and capabilities” (Selznick, 1984). According to Boal and Hooijberg (2001) strategic leadership focuses
on the people who have overall responsibility for the organization and includes not only the head of the organization but also members of the top management team.

Activities associated with strategic leadership include making strategic decisions, creating and communicating vision of the future, developing key competences and capabilities, developing organizational structures, processes and controls; sustaining effective organizational cultures and infusing ethical value systems into the organization (Hunt, 1991; Ireland & Hitt, 1999). Strategic leaders with cognitive complexity would have a higher absorptive capacity than leaders with less cognitive complexity. To the extent that these leaders also have a clear vision of where they want their organization to go the absorptive capacity will have a greater focus. That is, strategic leaders look at the changes in the environment of their organization and then examine those changes in the context of their vision (Boal & Hooijberg, 2001). This theory is relevant to the study as it highlights the functions of a leader and how they manage change and maintain proper organizational structures, processes and culture for success. The theory also emphasizes that the environment turbulence can also be maintained through strategic leadership.

2.2.3 Total Perceived Quality Theory

Continuous Improvement and the other quality initiatives like Total Quality Management (TQM), Total productive Management (TPM), became popular after the World War II as Japanese industries were rebuilding (Imai, 1996). Whilst CI was derived from the teachings of an American, it became popular in Japan because their industries were more receptive to Deming’s ideas than their American counterparts. The American corporate believed they were following the right management practices as they were being successful. They were to later recognize that there is always room for improvement. Through the Deming’s Teachings Kaizen or CI concept was successful in turning around the Japanese industries after the World War II and it has grown in popularity such that it is now way of life in that country’s business and world at large (Imai, 1996). The use of statistical tools to problem solving as brought about by Dr Walter Shewhart would help in identification, monitoring and eventually removal of variations in repetitive processes hence helping in streamlining the processes. Other thought leaders included Joseph Juran (quality trilogy), Kaoru Ishikawa (seven basic tools of quality), Genichi Taguchi all who emphasized on CI.

According to Varian (2007), CI doesn’t just mean that a business should keep trying new things. Rather it entails a well thought way of exploration, controlled experimenting and then carefully adopting to new ways of doing things. Imai (1986) defines CI as ongoing improvement, involving everyone in an organization, including managers and workers. Hence, it is clear that CI is an organization wide concept whose underlying aim is to improve the way things are done. It is a departure from the business as usual concept (Trollip, 2008). Varian states that Japanese manufacturing techniques like TQM, LM and Kaizen or CI are widely used world over, which emphasizes their importance in the current competitive market. Varian goes on to state that Kaizen or CI is the key to the most successful online businesses. CI was traditionally applied to manufacturing because its nature made it possible for experiments to be carried out in order to determine whether a new process resulted in quality improvement or cost savings in a few months (Varian, 2007).

2.3 Conceptual Framework

A conceptual framework is a diagrammatic presentation of variables, showing the relationship between the independent variable and dependent variables. It lays out the key factors, constructs, or variables, and presumes relationships among them. An independent variable is the presumed cause of changes in the dependent variable. Dependent variable is the variable the researcher wishes to explain. Also referred to as the criterion or predictor variable (Kothari, 2004)
Independent variables  
Customer Focus  
- Customer needs  
- Customer oriented  
Continuous Improvement  
- Quality product  
- Quality services  
Employee Empowerment  
- Training  
- Rewards  
- incentives  
Transformational Leadership  
- Communication flow  
- Visionary leadership  
- Team leaders  
Dependent variable  
Competitive Advantage  
- Increased revenue  
- High market share  
- Customer satisfaction

Figure 2.1: Conceptual Framework

2.3.1 Effect of Customer Focus on Competitive Advantage

Customer expectations are increasing and changing with the dynamics of global environmental changes. Organizations are benchmarking one another so as to unravel the secrets behind their successes. It has long been recognized that customer focus plays a crucial role for success and survival in ever increasing competitive market (Fen & Lian, 2001). According to Quirke (2005), the major challenge to organizations is how to acquire customers, retain them, build relationships with them and discover ways of being more valuable to them before the competition does. No organization can achieve this without continuously improving not only its products or services but also processes and people.

Therefore, the implementation of TQM can be considered as a failure if value added service cannot be provided to the customers consistently (Thiagarajan & Zairi, 2007). In order to fulfill the needs of the customers, firms need to focus on all criteria of products and services that contribute to the value and customer’s satisfaction (Hunt, 2005).

To achieve these objectives emphasis should be given to the interaction between an organization and its customers as this is very important (Flynn, 2004). From the interaction with the customers, the organization is able to determine the critical specifications for them to obtain vital information directly.

Managers in the service industry are under increasing pressure to demonstrate that their services are customer-focused and that there is continuous service improvement (Shahin, 2006). Understanding the concept of service quality and customer focus helps service firms to identify service quality gaps, priorities which service gaps to allocate resources and identify the cost-effective way of closing the gaps. AlBassam and AlShawi (2010) suggest that the survival of any firm in a highly competitive industry depends on its ability to provide the best service quality to its customers. This continues improvement in service delivery leads to customer satisfaction retention and loyalty.

A case study by Deghani (2006) investigated the relationship between customer service and
customer satisfaction, its measures in the context of electrical services industry in Sweden. The study identifies 6 important dimensions that can be used to measure quality of service and achieve competitive advantage. These dimensions are reliability, assurance, tangibility, empathy, responsiveness and price. Increase in these six dimensions in customer service improve customer management.

An empirical study on the impact of service quality on customer satisfaction was conducted by Ahmed, Nawaz, Usman, Shaukat, Ahmad and Iqbal (2010) in the context of mobile telecommunications industry in Pakistan. The study focused on the Short Message Services provided by mobile telecommunications companies. The study confirmed that overall service quality had a significant relationship with customer satisfaction. The study findings also indicate that tangibility, responsiveness, reliability and assurance dimensions had a positive impact on customer satisfaction but empathy had a negative impact on customer satisfaction.

Bugel, Buunk and Verhoef (2010) examined commitment to companies, in The Netherlands, using the psychological investment model. The study examined the customer-company relationships in five sectors: the banking industry, health insurance, supermarkets, mobile telecom providers, and the automotive industry. The study recruited 300 respondents for each sector. With regard to satisfaction, the outcome of the study suggests that satisfaction plays an important role in determining customer commitment for service providers and there is a positive correlation between improving customer service and gaining customer loyalty.

Hafeez and Hasnu (2010) conducted the importance of service quality and price in determining customer management was also reported by who investigated customer satisfaction in Pakistan. The same was found by Balaji (2009) who studied the antecedents and consequences of customer satisfaction with Indian mobile services, surveying 199 postpaid mobile subscribers in a major city in India. Balaji reported that “perceived quality is an important Predictor of customer satisfaction, which ultimately results in trust, price tolerance and customer loyalty”.

2.3.2 Effects of Continuous Improvement on Competitive Advantage

The philosophy of TQM is built from the principle of continuous improvement of the entire team in the organization to meet customer’s needs (Benavent et al, 2005). As described by Deming (1986), organizations need to improve the production and service systems consistently to improve quality and productivity, hence reducing costs. However, organizations nowadays need to expand the aspects of continuous improvement and not only focusing on the product or service context and the direct process, but also on the management of the organization itself and that it also needs to improve (Dean & Bowen, 1994). In other words, continuous improvement is not a specific agenda but a continuous journey that involves every element of the organization involved.

Crosby said that the idea of causing quality to become a normal part of an organization’s operating arsenal did not catch on automatically (Crosby, 1996). It takes training and development of staff towards the organizational objectives of continuous improvement to meet up with sophisticated customers’ needs and excel the competitors in the global market economy. Organizations should take into account that before external customers can be satisfied, some of the obstacles to the internal customers, that is, the employees should be dealt with in order to create the conditions necessary for them to produce and deliver quality.

Continuous improvement is a quality philosophy that assumes further improvements are always possible and that processes should be continuously re-evaluated and improvements implemented (Juergensen, 2005). It is also the seeking of small improvements in processes and products, with the objective of increasing quality and reducing waste. The belief that an organization must constantly measure the effectiveness of its processes and strive to meet more difficult objectives to satisfy its customers also constitutes continuous improvement. Continuous improvement (CI) can be considered an ongoing effort to improve products, services or processes. These efforts can seek “incremental” improvement over time or “breakthrough” improvement all at once (Bhuiyan & Baghel, 2005). CI’s importance manifests itself in terms of the role it plays in quality improvement, customer satisfaction, employee engagement and productivity. CI is essentially a quality journey that is never ending (Oakland, 2007) and its main emphasis per Deming’s teachings, lies in never accepting that the way business operates today is the best way, even in the face of profitability.

Continuous Improvement (CI) in context of Kaizen means improving performance in many small, incremental steps. In Japan, continuous
improvement is called kaizen. The word means continuous improvement, involving everyone in an organization. It implies a never-ending cycle of repeatedly evaluating and re-evaluating the basic processes of an operation (Russell & Taylor, 2003). CI is a philosophy that Deming described simply as consisting of Improvement initiatives that increase successes and reduce failures (Juergensen, 2000). Or as a completely new approach of enhancing creativity and achieving competitive excellence in today’s market (Oakland, 2005)

Continuous improvement (CI) in total business activities with the focus in the customer throughout the entire organization and an emphasis on flexibility and quality is one of the main means by which companies can cope with these competitive threats. CI also helps the organization to anticipate what will delight their customers in the future. The skills provide by CI including waste elimination, identification of process problem areas and improvement through the focus on WHAT and HOW, attention to detail and customer focus (Ndlovu, 2008). This add value to the organization by allowing them to meet future customers rising expectations of product and service quality, seamless delivery and fresh new innovations.

Technology factors are the scientific advances, which influence the competitive position of the enterprise. Maintaining awareness of new technologies decreases the probability of becoming obsolete and promotes innovation. Advancements in technology can impact the transformation plan in many ways. New technology can change the demand for a product, render current manufacturing processes obsolete, reduce costs to undercut competitors, produce new products and a host of other possibilities (Smallbone and Welter, 2001).

According to Christensen (2006) new technology performance improves rapidly and with minor efforts in the beginning of the development life cycle, but later on even a minor improvement in technology requires huge effort. Sometimes the new disruptive technology’s performance does not exceed the old technology performance. The old technology can maintain its advantage and the new technology remains in its original market segment. A second option is that after a fierce improvement phase (rapidly rising part of S-curve) the new technology exceeds the old technology’s performance. In the case of crossing S-curves, the new technology replaces the old one quite rapidly in the mainstream market, thus causing a radical change in product demand. If the new technology also introduces changes in business concept, or changes in how value-added are allocated to the value chain, the impact is even more radical. Perhaps the clearest case of crossing S-curves in the cellular telecommunication industry history has been the introduction of digital technology. At the starting point, digital mobile terminals were much worse in performance than analogue mobile phones, thus making the analogue phones more preferred by end users. After a few years of technology development, the digital phones’ performance clearly exceeded the performance of the analogue ones, thus changing the end-user preference to the digital phones.

Collins (2001) articulates that the business world is changing and will continue to do so, but does not stop the search for timeless principles. Cooper and Schindler (2003) argue that dramatic changes experienced in the last two decades have made business organization evolve from historical economic role to responding to the social and political mandates, and explosive technology innovations in global communications. Thompson et al. (2006) observe that companies find themselves in industry situations characterized by rapid technological changes and short product life cycles, new products by rivals, and changing customer needs all occurring at once.

According to Merritt (2010), advances in technology have enabled alternative functionalities for mobile handsets beyond the original visions of the designers of handsets or wireless communication architectures to supporting a new and viable channel for mobile financial services, including bill payment and account transfers, domestic and international person to person transfers, proximity payments at the point of sale, and remote payments to purchase goods and services which has impacted positively the service industry

2.3.3 Effects of Employee Empowerment on Competitive Advantage

Organizations must understand that the success of the project is depending on the employees-managers. Managers-leaders are taking the personal responsibility for implementing, promoting, and monitoring the whole amount of the activities. The employees are properly trained, capable, and they have an active participation (must not be passive) for the achievement of company’s goals. Management and employees are working together in order to create a strong value environment where people are having the primal role.
Employees must be able to measure and utilize quality data efficiently and effectively (Ahire & Dreyfus, 2000; Ho et al., 1999). The study of Ho et al. (2001) indicated that human resource, which includes employee training and employee relation, was positively related to quality improvement, which was mediated through utilizing quality data and reporting. Thus, whether or not a TQM program will be successfully implemented mainly depends on the collaboration and coordination among a firm's workforce. An effective implementation of TQM can be derived from employees understanding of the philosophy and principle of TQM implementation.

Furthermore, if employees have high consciousness of TQM, the data and reporting of quality control prepared by working staffs will be easy to uncover the reality and thus, can be used to correct quality flaws or mistakes immediately and effectively. In this way, the authors propose that better human management will result in more positive effect on producing quality data and reporting (Ahire & Dreyfus, 2000; Ho et al., 1999). According to ISO 9004:2000, the benefits likely to be derived from employee involvement include motivated; committed and involved people within the organization; innovation and creativity in furthering the organizations objectives; people being accountable for their own performance; people eager to participate in and contribute to continual improvement. Similarly, applying the principle of employee involvement leads to: employee openly discussing problems and issues; people freely sharing knowledge and experience; people actively seeking opportunities to enhance their competence, knowledge and experience; people evaluating their performance against their personal goals and objectives; people accepting ownership of problems and their responsibility for solving them; people understanding the importance of their contribution and role in the organization.

According to Oakland, in 2005, involving employees means sharing knowledge, encouraging, and recognizing their contributions. It also entails utilizing their experience and operating with integrity. Involvement creates awareness among the people in the organization of the importance of meeting customer requirements. People get involved in the organization when they can identify constraints to their performance, evaluate their performance against set standards, actively seek opportunities to enhance their competence and freely share their work experience and knowledge. Employees' involvement acts as a strong stimulant and motivator to work, enhances creativity and innovation, provides an environment for people to accept ownership of problems and their responsibility to solve them and help understand the importance of their contribution in the organization.

2.3.4 Effects of Transformational leadership on Competitive Advantage

Transformational Leadership is considered to be another major driver of TQM and it has a significant influence on determining whether or not a TQM program can be implemented effectively (Soltani, 2005). Transformational Leadership in fact, refers to how management level guides and supervises personnel of a firm in an appropriate manner. Leaders provides the necessary resources for training employees to meet the new requirements and/or changes that are resulted from TQM implementation, and consequently, creates a work environment which is conductive to employee involvement in the process of changes (Kaynak, 2003; Wilson & Collier, 2000). In addition, effective transformational leadership is critical to influence the decision of selecting qualified suppliers and certifying suppliers for quality material (Flynn et al., 1995; Trent & Monczka, 1999). Leadership is also responsible for mentoring product design and considering market demands & consumer needs (Deming, 1986; Flynn et al., 1995). In other words, the focus of leadership is essential for firms to produce goods that are manufacturable and meet the needs of customers (Flynn et al., 1995; Juran, 1981). In conclusion, transformational leadership plays a significant role on conducting organizational operation and also highly influences the decision-making and resource allocation processes for supplier management and design management, respectively. Therefore, the authors propose that leadership has positive effects on human resource, suppliers management, and design management.

Empirical research consistently shows that top leadership has a major role in guiding the organizational activities towards better performance (Eman, et al., 2007). As cited in Homburg et al. (1999). For instance, Young et al., (2001) found that top leadership has the upper hand in the guiding and directing the organization to adopt and implement TQM. They argue that institutional factors have more effect on the long run; still top management is the one who takes the early decisions to adopt any managerial innovations or changes. Likewise, charismatic leadership is often mentioned as a key for the adoption and success of TQM (Reed et al. 2000) and (Young, et al. 2000). Eman, et al. (2007) proposed that top transformational leadership should be more
strongly associated with competitive advantage than other components. According to Dwyer (2002) competitive advantage comes through people and quality context, management through quality. It is the people who differentiate a company from its competitors. He further noted that efficiency in leadership is key as this competitive advantage can only be gained where staff are committed and competent which in turn increases productivity and enhance quality. Ng, (2011) indicated that leaders must proactively assume positive outlook, constantly shaping the competitive landscape, and steering the firm to their desired course. Rather than accepting status quo, they always examine alternatives and develop new approaches to problem solving. Moreover, they emotionally connect with colleagues and subordinates by establishing open communication links, thereby inviting new ideas and fresh approaches to getting things done.

Bass (1985) highlight characteristics that leaders that are transformational should possess. They include idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. Schneider and George (2011) suggest that transformational leader practices influence followers to achieve goals, increase confidence, commitment and job performance. Therefore transformational leadership is significantly related to team commitment and an empowered team environment which leads to a firm gaining competitive advantage as all employees work towards achieving same goals. Snell and Dickson, (2011) suggested that the ability to facilitate change is another aspect of good leadership. Providing a sense of direction for the organization and taking on a role of embracing and supporting change and becoming a change agent within the organization are considered key actions in facilitating change. They concluded that leadership is effective when a leader has the ability to foster a positive team environment and being able to move that whole team forward as the key abilities of a good leader.

It is clear from the reviewed literature that good leadership, in the form an inclusive environment, is understood to increase the likelihood of having a more effective workplace and team. Such leadership practices could be assumed to benefit an organization in terms of improving or maintaining employee engagement (Pearce et al, 2007). When staff are committed and work as a team, this increases a company’s competitive advantage as the team work smoothly thus become more effective which impact their productivity positively. According to ISO 9004: 2000, the key benefit include: minimized miscommunication between levels of the organization; people will understand and be motivated towards the organization’s goals and objectives; activities are evaluated, aligned and implemented in a unified way. Similarly, applying the principle of leadership typically leads to: considering the needs of all interested parties including customers, owners, employees, suppliers, financiers, local communities and society as a whole; establishing a clear vision of the organization’s future; setting challenging goals and targets; creating and sustaining shared values, fairness and ethical role models at all levels of the organization; establishing trust and eliminating fear; providing people with the required resources, training and freedom to act with responsibility and accountability; inspiring, encouraging and recognizing people’s contributions. Top leadership has to be demonstrated by providing unity of purpose through appropriate quality policy, ensuring that measurable objectives are established, and demonstrating that they are fully committed to developing, sustaining and improving the quality management systems. Leadership of an organization has the capacity and authority to create and maintain the internal environment of an organization. The top management needs to establish a clear vision of the organizations future and probably set challenging goals and targets to achieve them. They should also provide the requisite resources including training and development of staff; inspire, encourage and reward people’s contributions. The leaders must ensure that the quality management system is effectively implemented and maintained and they are responsible for ensuring that actions are taken without undue delay to eliminate and detect non-conformities.

2.3.5 Competitive Advantage

Competitive advantage is a condition or circumstance that puts a company in a favorable or superior business position gained by offering consumers greater value. This customer-greater value can be gained either by lowering prices or by providing greater benefits and service that justifies a higher price (Porter, 1985). Although the concept of competitive advantage is often mentioned and discussed within strategic management field, there is no consensus about its definition, operationalization, measurement or relationship with company’s performance (Erecogivic & Talaja, 2013).
Competitive advantage is conceptualized as strategies comprising of cost, differentiation and focus with competitors (Porter, 2008). It’s also conceptualized along the dimension of innovation and resources which create a competitive advantage and consequently performance. The resource based view builds on internal competence of organizational resources for such an organization to achieve competitive advantage. Barney (1991) posited that firm’s achieve sustainable performance advantage by securing rare resources of economic value and the ones that competitor and other rivals cannot easily imitate or substitute. The current study conceptualizes competitive advantage as a combination of innovation and resources in an organization. Dobni (2008) posits that a decisive commitment to innovation put firms in a position to monitor and adapt quickly to changes in the environment consequently achieving superior performance.

Firms employing a cost leadership strategy effectively compete on the basis of price. Cost advantages can be achieved through such means as efficiency, cost reductions, tight cost controls or volume. Firm's employing a focus strategy attempt to achieve a competitive advantage by concentrating their efforts on a specific regional market or buyer group (Porter, 2005). Firms employing a Total Quality Management approach can simultaneously achieve all three of Porter's competitive strategies. The focus on improving the quality of products and services to the organization's current customers (thereby increasing customer value), leads both to lower costs of production (cost leadership) which produce both greater profits and lower prices, and differentiation (the firm's products and services are seen as providing higher levels of reliability, quality, and value).

According to Romero (2005) many leaders find it difficult creating a competitive advantage because they are not sufficiently aware of the threats and opportunities in the external environment or their firm’s strength, weaknesses and unique competencies. Again when some managers or firms or organizations are successful in business they think they have a competitive advantage. This is not entirely true, because it is not based on any scientific proof. Such managers, firms or organizations are temporarily successful despite having a weak, or no competitive advantage. It is just a matter of time before other firms, with a strong competitive advantage, will take away their business (Romero, 2005).

How does one create a competitive advantage? Hoffman (2006) differentiated between two categorial sources of Competitive Advantage: superior skills, which are "the distinctive capabilities of personnel that set them apart from the personnel of competing firms", and superior resources, which are "the more tangible requirements for advantage that enable a firm to exercise its capabilities". Srivastava et al. (2008) believe that for personnel to be a source of competitive advantage these personnel must truly understand customers’ needs and must be able to foster business-intimate relationships.

In answering the same question, Romero (2005) is of the view that it is useful to think of tangible and intangible assets. Whilst intangibles are difficult to copy, tangible assets are not. For instance competitors of a company can easily copy its tangibles such as computers or machines. However it is extremely difficult for a competitor to copy a company’s unique culture, transformational leaders, superior customer service, or other intangible assets, hence these can be a source of long lasting competitive advantage.

According to Romero therefore, it makes sense to focus on developing competitive advantages that are based on intangible assets or capabilities that are valuable to customers. Firms that are successful over the long-term are unique irrespective of the services and products they provide. It is therefore necessary for firms to avoid copying other firms if they want to achieve competitive advantage. Having unconventional leadership and an adaptive organizational culture, being aware of the internal and external environment, being either a low-cost or differentiated provider in either a broad or narrow market provider are all important in achieving a competitive advantage.

A study conducted by Lampetey (2009) and cited by Andoh (2010) revealed that in Ghana, several organizations are underperforming and finally collapsing because they have relegated quality management to the background. Most of these organizations, particularly the service and manufacturing ones treat customers like beggars, forgetting that in this modern business world customers can make and unmake an organization and so organizations should place quality at the top of its priority table if they want to attain competitive advantage. Quality of employees is a very important element but most organizations ignore it. Because most organizations ignore training and development of their employees, inferior goods are produced by the employees.
Competitiveness does not generally refer to a win or lose situation, but rather a comparative advantage in a specific area (Garelli, 2006). While there are a number of policies which can be implemented to improve the competitiveness of a financial system, at its foundation is the competitiveness of firms. A company achieves competitive advantage whenever it has some type of edge over rivals in attracting buyers and coping with competitive forces. There are many routes to competitive advantage, but they all involve giving buyers what they perceive as superior value compared to the offerings of rival sellers. When focusing on the competitiveness of individual institutions, there are a number of things which represent competitiveness. The two main items used to measure performance are the firms market share within the particular industry in which it operates and its profitability. Profitability is then used to measure the company return on capital employed hence value to its shareholders. Kaplan and Norton (2001) introduced the balanced score card as a more realistic measure of performance. In addition to the financials the tool also considers customer issues, learning and growth within the organization and internal business processes. Internal business process is the path to achieving strong financial results and superior customer satisfaction. For the sake of this study, competitive advantage was measured by evaluating level of customer satisfaction, level of market share, increased revenue, level of profitability and level of employee productivity.

2.4 Empirical Review

Gabriel (2013) examined the effects of service quality on customers’ satisfaction in the mobile phone industry of Tanzania as assessed by customers and service providers. The main objective of his study was to find out to what extent service quality factors can be used to predict the level of satisfaction by customers compared to service providers. The study population was 10,990 university students from two selected universities. A sample of 468 university students was drawn to represent customers. Out of 468 questionnaires distributed, 420 were collected hence a response rate of 90 percent he found that three quality service factors (reliability, responsiveness and empathy) are important in determining the overall customers’ satisfaction of the mobile phones network industry thus perceived quality is an important Predictor of customer satisfaction, which ultimately results in trust, price tolerance and customer loyalty. A study by Asamba (2014) on Total Quality Management and competitive advantage of commercial banks in Kenya showed that Commercial banks in Kenya have introduced innovative measures, all in the interest of enhancing customers’ comfort. However, these efforts which aim at bringing satisfaction to the customers seem to be futile. Customers’ preferences and expectations seem not to match up with the bank’s initiatives. The study found that there is significant correlation between the implementation of Total Quality Management practices and customer satisfaction and business. Customer satisfaction increases profitability, market share, and return on investment which leads to competitive advantage.

In a similar study, Awino et al. (2012) in their study on Total Quality Management and competitive advantage of firms in the horticultural industry in Kenya showed that it is not total quality that has been posting different results, but lack of effective implementation of total quality. A crucial finding was the poor evidence of the leadership concept and the tendency of taking quality certification as an end by itself. It is demonstrated that most of the certified companies do not understand the philosophy behind quality management and, therefore, cannot implement it effectively.

Bugel, Buunk and Verhoef (2010) examined commitment to companies, in The Netherlands, using the psychological investment model. The study examined the customer-company relationships in five sectors: the banking industry, health insurance, supermarkets, mobile telecom providers, and the automotive industry. The study recruited 300 respondents for each sector. With regard to satisfaction, the outcome of the study suggests that satisfaction plays an important role in determining customer commitment for service providers and there is a positive correlation between improving customer service and gaining customer loyalty.

Ahmed et al. (2010) in the context of mobile telecommunications industry in Pakistan. The study focused on the Short Message Services provided by mobile telecommunications companies. The study confirmed that overall service quality had a significant relationship with customer satisfaction. The study findings also indicate that tangibility, responsiveness, reliability and assurance dimensions had a positive impact on customer satisfaction but empathy had a negative impact on customer satisfaction.
Jitesh et al, (2011) explores the association between deployment of customer management (CM) best practices and loyalty of profitable customers in Indian retail banking sector. Their findings reveal that there is no perfect bank, as yet, across the three bank types, which has deployed all the CM best practices to the fullest extent. The results of literal and theoretical replication done by using pattern matching technique indicates no strong association between deployment of CM best practices in scheduled commercial banks and loyalty levels of both high and medium relationship value retail customers.

2.5 Critique of Existing Literature

Although there are many studies on total quality management the focus has been on large and older multinational firms originating from advanced economies for instance; A case study by Dehghani (2006) investigated the relationship between service quality and customer satisfaction, its measures in the context of electrical services industry in Sweden. The study identified 6 important dimensions that can be used to measure quality of service and achieve competitive advantage. These dimensions are reliability, assurance, tangibility, empathy, responsiveness and price. Dehghani (2006) also concludes that it is not possible for a firm to perform at a superior level in all the 6 dimensions. This study was done in Sweden which is a developed economy while the current study will be done in developing economy which is Kenya.

An empirical study on the impact of service quality on customer satisfaction was conducted by Ahmed, Nawaz, Usman, Shaukat, Ahmad and Iqbal (2010) in the context of mobile telecommunications industry in Pakistan. The study focused on the Short Message Services provided by mobile telecommunications companies. The study confirmed that overall service quality had a significant relationship with customer satisfaction. The study findings also indicate that tangibility, responsiveness, reliability and assurance dimensions had a positive impact on customer satisfaction but empathy had a negative impact on customer satisfaction. The above study was done in Pakistan which is an emerging economy while the current study focuses on developing economy, Kenya.

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2.6 Summary

The above chapter reviews the various theories that inform the independent and dependent variables. The chapter explores the conceptualization of the independent and the dependent variables by analyzing the relationships between the variables. In addition, empirical literature in a wide range of studies has considered effects of total quality management on competitive advantage in telecommunication industry as being the most basic concept.

2.7 Research Gaps

Several studies have been carried out in the Telecommunication industry in Kenya, some of which are on mobile phone services and Safaricom Limited. Kandie (2001) and Koskei (2003) carried studies on strategy formulation and implementation in Telkom Kenya Limited; Maina (2001), Odhiambo (2003), carried studies on customer perception and satisfaction in Nairobi; Anene (2002) and Senaji (2005) carried out studies on technology strategy and government regulations in the industry. In his study Musau (2006) on continuous quality improvement on a multinational organization in Kenya found that there was low transformational leadership and also understanding of the use of Statistical tools and techniques. However, only few studies have been carried out to establish the effects of total quality management on competitive advantage in service sector in Kenya. This study, therefore, aims to find out the effects of total quality management on competitive advantage at Safaricom Limited.

RESEARCH METHODOLOGY

3.1 Introduction

This chapter contained reviewed of literature of research design, population, and sample and data analysis. Research methodology is the architecture
or the layout of the research framework. According to Polit and Hungler (2003) methodology refers to ways of obtaining, organizing and analyzing data.

3.2 Research Design

According to Parahoo (2006) the design selected for research should be the one most suited so as to achieve an answer to the proposed research question. For the purpose of the proposed research, the researcher chose to adopt a descriptive survey. Descriptive design aims to describe the essential findings in a rigorous way that is free from distortion and bias (Bradbury-Jones, Irvine & Sambrook, 2010). Descriptive studies help discover new meaning, describe what currently exists, verify the rate at which something occurs, and categorize the information. Thus the researcher choose this design for the study as it facilitated the precised actions the researcher aim to achieve such as identifying any issues with current practice or justifying current practice.

3.3 Target Population

Burns and Grove (2003) and Mugenda and Mugenda (2003) describe population as all the elements that meet the criteria for inclusion in a study. Population is therefore the entire group of individuals, events or objects having a common observable characteristic. The target population of this study consists of management employees working in various departments in Safaricom Ltd. The departments are Finance, Human resource Management, Operation department, Marketing Department, Regulatory Affairs and Information Technology. The target population of the study was 130 staffs. The population matrix is as laid on Table 3.1.

<table>
<thead>
<tr>
<th>Employees</th>
<th>No. of employee on Department</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Finance</td>
<td>30</td>
</tr>
<tr>
<td>Human resource Management</td>
<td>10</td>
</tr>
<tr>
<td>Operation department</td>
<td>50</td>
</tr>
<tr>
<td>Marketing Department</td>
<td>20</td>
</tr>
<tr>
<td>Regulatory Affairs</td>
<td>10</td>
</tr>
<tr>
<td>Information Technology</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>130</td>
</tr>
</tbody>
</table>

3.4 Sampling Frame and Sample Size

Sampling is done to some elements of a population so that conclusions about the entire population can be drawn. The ultimate test of a sample design is how well it represents the characteristics of the population it purposes to (Kothari, 2004). According to Polit and Beck (2003), a sample is a proportion of population to be researched. This study used simple random sampling.

The sample size for the study was derived from the Krejcie and Morgan Table (1970). The table recommends that a target population of 130 should have a sample size of 98 respondents as per the formula shown below. The sample size of the study was therefore 98 respondents and was distributed as per the numerical strength to avoid biasness.

\[
n = \frac{X^2 N p (1-p)}{d^2 (N-1) + X^2 P (1-p)}
\]

Where:
- \( n \) = Sample size for a finite population,
- \( N \) = size of population which is the number of employees (130)
- \( X^2 \) = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841).
- \( P \) = the population proportion (assumed to be 0.50 since this would provide the maximum sample size).
- \( d \) = the degree of accuracy expressed as a proportion (0.05).

\[
n = \frac{(1.96)^2 \times 130 \times 0.5 \times (1 - 0.5)}{(0.05)^2 (130 - 1) + [(1.96)^2 \times 0.5 \times (1 - 0.5)]}
\]

<table>
<thead>
<tr>
<th>Employees</th>
<th>No. of employee on Department</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Finance</td>
<td>30</td>
<td>23</td>
</tr>
<tr>
<td>Human resource Management</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Operation department</td>
<td>50</td>
<td>37</td>
</tr>
<tr>
<td>Marketing Department</td>
<td>20</td>
<td>16</td>
</tr>
<tr>
<td>Regulatory Affairs</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Information Technology</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>130</td>
<td>98</td>
</tr>
</tbody>
</table>
This study utilized the stratified random sampling technique. This is because the populations under study can easily be divided into relevant and significant strata based on management staff. Stratified random sampling technique chosen for this study increased a sample’s statistical efficiency, provided adequate data for analyzing the various subpopulations or strata and also enabled different research methods and procedures to be used in different strata (Coopers and Schindler, 2011).

3.5 Data Collection Instruments

According to Kombo and Tromp (2006) data collection is the gathering of specific information aimed at proving or refuting some facts. This study used primary data specifically by use of structured questionnaire. A questionnaire developed by the researcher and guided by the research questions was used to collect data. The use of a questionnaire was ideal as it allowed for collection of a large amount of data within a short time.

The questionnaires also made it possible for anonymity of respondents to foster collection of data from the employees without fear or pressure. The questionnaire consisted of two parts. First, data about the respondent was collected while the second part consisted of the respondent’s view of the TQM practices as a tool of competitive advantage at Safaricom. To avoid ambiguity of responses provided, the two research assistants employed for this study guided the feedback process by offering support to any respondent who needed help.

3.6 Data Collection Procedures

Louis, Lawrence and Morrison (2007) describes primary data as those items that are original to the problem under study while Ember and Ember (2009) describe primary data as data collected by the investigator in various field sites explicitly for a comparative study.

The primary data was collected using structured questionnaire which comprised of closed ended questions. The questionnaires were delivered to the respondents by the researcher with an introduction letter from the University. The questionnaires were delivered to the respondents by the research assistants with an introduction letter from the University. The research assistants made follow ups to pick the fully completed questionnaires from the respondents in the event that respondents did not fill immediately.

3.7 Pilot Study

Pilot test, being a test of sound measurement, must meet the tests of reliability, validity and practicality. Newing (2011) states that the importance of pilot test cannot be over emphasized; one will always find that there are questions that people fail to understand or interpret in different ways, places in the questionnaire where they are not sure where to go next, and questions that turn out simply not to elicit useful information.

3.7.1 Data Validity

Data validity refers to how well the result of a research can give the right answer to the research question (Remenyi, Williams, Money & Swartz, 1998). The questionnaire was subjected to a panel of experts to assess if it captures all the items it was intended to measure and their expert opinion was incorporated to ensure face validity. Content validity was sought by pre-testing the questionnaire on a section of the study sample and arising modifications incorporated for clarity, comprehensiveness, relevance, meaning and requisite depth. This gave the researcher a feel of the expected responses and data for the study. The foregoing efforts were to ensure that the study instrument measures what it is intended to measure and reduce to insignificant levels systematic error or non-random error.

Construct validity was enlisted by designing a set of items that match the theoretical latency of the constructs based on modified versions of prior studies and instruments for the study variables. A deliberate effort to ensure that these are in line with the conceptual framework as derived from the literature review was made. This is in line with Cooper and Schindler (2008) proposition that in reality researchers should confine their efforts to face, content, construct and concurrent validities.

3.7.2 Reliability

Reliability is the extent to which a questionnaire tests observation or any measurement procedure produces the same results. That is, the stability or consistency of scores over time or across raters (Malhotara, 2004). This study employed a three step measure to enlist reliability. First, it developed the questionnaire instruments based on items that were previously used by other researchers with acceptable tested reliability levels. Secondly, it used a pre-tested questionnaire with a sample of the respondents and emerging revisions done accordingly. Finally, the Cronbach’s Alpha coefficient (α) was used to measure internal consistency and stability of scales used in the final
study. Nunnally (2000) suggested that as a rule of thumb, a reliability coefficient value of above 0.7 was statistically reliable and acceptable for a study. This study employed this standard to measure the extent to which the presented set of items measure individual latency of the variable under examination.

3.8 Data Analysis

Data Analysis is the processing of data to make meaningful information (Sounders, Lewis & Thornbill, 2009). Burns and Grove (2003) define data analysis as a mechanism for reducing and organizing data to produce findings that require interpretation by the researcher. According to Hyndman (2008) data processing involves translating the answers on a questionnaire into a form that can be manipulated to produce statistics. This involves coding, editing, data entry, and monitoring the whole data processing procedure.

The data collected was analyzed using descriptive statistics and inferential statistics. The descriptive technique included frequencies, mean and percentages. Inferential statistics included the regression analysis. The data was presented using tables and charts. A multivariate regression model was used to link the independent variables to the dependent variable as follows;

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

Where; \( Y \) = Competitive Advantage
\( X_1 \) = Customer focus
\( X_2 \) = Continuous Improvement
\( X_3 \) = Employee empowerment
\( X_4 \) = Transformational leadership
\( \epsilon \) = Error Term

In the model, \( \beta_0 \) = the constant term while the coefficient \( \beta_i \) = 1…4 was used to measure the sensitivity of the dependent variable (\( Y \)) to unit change in the predictor variables. \( \epsilon \) is the error term which captures the unexplained variations in the model.

RESEARCH FINDINGS AND DISCUSSIONS

4.1: Introduction

The chapter presents the empirical findings and results of the application of the variables using techniques mentioned in chapter three. Specifically, the data analysis was based on specific objectives where patterns were investigated, interpreted and implications drawn on them. The chapter starts with a preliminary analysis of the data before analyzing the study variables.

4.2 Response Rate

The initial target sample for the study was 98 respondents. A research assistant was deployed to circulate and follow up on the questionnaires. Out of the 98 self administered questionnaire 83 were duly completed and returned. This converts to a response rate of 85% as shown on Table 4.1. According to Mugenda and Mugenda (2003) and also Kothari (2004) a response rate of 50% is adequate for a descriptive study. Babbie (2004) also asserted that return rates of 50% are acceptable to analyze and publish, 60% is good and 70% is very good. Based on these assertions from renowned scholars 85% response rate is adequate for the study.

<table>
<thead>
<tr>
<th>Table 4.1: Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response Rate</td>
</tr>
<tr>
<td>Returned</td>
</tr>
<tr>
<td>Unreturned</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

4.2.1 Reliability Test

Reliability is the extent to which a questionnaire tests observation or any measurement procedure produces the same results. That is, the stability or consistency of scores over time or across raters (Malhotara, 2004). Reliability was tested using Cronbach’s coefficient Alpha. Cronbach’s Alpha measures how well a set of items or variables, measure a single uni-dimensional latent construct that is a coefficient of reliability or consistency. Reliability is expressed as a coefficient between 0 and 1.00. The higher the coefficient, the more reliable is the test. A threshold of a Cronbach Alpha of 0.7 and above is acceptable (Cronbach, 1951). All the variables had a coefficient of more than 0.7 and hence were all reliable.

<table>
<thead>
<tr>
<th>Table 4.2: Reliability Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section</td>
</tr>
<tr>
<td>Customer focus</td>
</tr>
<tr>
<td>Continuous Improvement</td>
</tr>
<tr>
<td>Employee empowerment</td>
</tr>
<tr>
<td>Transformational leadership</td>
</tr>
<tr>
<td>Competitive Advantage</td>
</tr>
</tbody>
</table>
4.2.2 Sampling Adequacy

To examine whether the data collected was adequate and appropriate for inferential statistical tests such as the factor analysis, regression analysis and other statistical tests, two main tests were performed namely; Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy and Bartlett’s Test of Sphericity. For a data set to be regarded as adequate and appropriate for statistical analysis, the value of KMO should be greater than 0.5 (Field, 2000).

Findings in Table 4.3 showed that the KMO statistic was 0.827 which was significantly high; that is greater than the critical level of significance of the test which was set at 0.5 (Field, 2000). In addition to the KMO test, the Bartlett’s Test of Sphericity was also highly significant (Chi-square = 6596.329 with 1485 degrees of freedom, at p < 0.05). The results of the KMO and Bartlett’s Test are summarized in Table 4.3. These results provide an excellent justification for further statistical analysis to be conducted.

### Table 4.3: KMO and Bartlett’s Test

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaiser-Meyer-Olkin Measure</td>
<td>0.651</td>
</tr>
<tr>
<td>Bartlett's Chi-Square</td>
<td>6596.329</td>
</tr>
<tr>
<td>Bartlett's df</td>
<td>1485</td>
</tr>
<tr>
<td>Bartlett's Sig.</td>
<td>0.000</td>
</tr>
</tbody>
</table>

4.3 Demographic Data

This section analyzes the demographic characteristics of the respondents.

4.3.1 Gender of the Respondent

The study sought to establish the gender of the respondents. Results indicate that the majority (53%) were male while the rest (47%) were female. The finding implies that there is a gender imbalance. The gender distribution does not meet the constitutional threshold of 66%. The study also implies that majority of the employees of safaricom limited are male.

![Figure 4.1: Gender of the Respondents](image)

4.3.2 Age of the Respondents

The respondents were asked to indicate their age brackets. Results in Figure 4.2 revealed 42.1% of the respondents were aged between 31 to 40 years and 35.5% were over the age of 50 years, 15.8% of the respondent were aged between 41 to 50 years, 14% and 6.6% indicated between 21 to 30 years of age. The findings imply that most of the respondents were at their career peak.

![Figure 4.2: Age of the Respondent](image)

4.3.2 Years Worked

The study sought to find out the number of years that the respondents had been in current employment. Figure 4.3 indicated that a majority of employees (44.7%) had worked for more than 5 years and 32.9% had worked for a period between 3 to 5 years and 17.1% had worked for 1 to 2 years and 5.3% had worked for less than 1 year. The finding implies that the respondents were appropriate and may impact positively on the coherence of the data obtained as they had worked for Safaricom limited long enough for them to be
well aware of total quality management tools under study.

Figure 4.3: Years Worked

4.4 Descriptive Statistics

This section presents the descriptive statistics for the study variables.

4.4.1 Effect of Customer Focus on Competitive Advantage

The first objective was to establish the effect of customer focus on competitive advantage at Safaricom limited Kenya. Table 4.4 shows that 81.6% of the respondents agreed that the organization did research to understand customer needs and expectations, 92.1% agreed that the organization ensured that the objectives of the organization were linked to customer needs and expectations and 73.7% agreed that communicating customer needs and expectations throughout the organization improved customer satisfaction. In addition, 86.8% of the respondents agreed that the organization regularly measured customer satisfaction, while 92.1% agreed that customer requirements are used as the basis for quality and 81.6% agreed that management supported activities improving customer satisfaction. The mean score for the responses was 4.23 which indicated that many respondents agreed to the statements regarding customer focus and satisfaction at the organization.

The finding of the study agrees with those Ahmed et. al (2010) on the impact of service quality on customer satisfaction was conducted by in the context of mobile telecommunications industry in Pakistan. The study focused on the Short Message Services provided by mobile telecommunications companies. The study confirmed that overall service quality had a significant relationship with customer satisfaction. The study findings also indicate that tangibility, responsiveness, reliability and assurance dimensions had a positive impact on customer satisfaction but empathy had a negative impact on customer satisfaction.

Table 4.4: Customer Focus on Competitive Advantage

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization does research to understand customer needs and expectations</td>
<td>0.0%</td>
<td>15.8%</td>
<td>2.6%</td>
<td>5.3%</td>
<td>76.3%</td>
<td>4.42</td>
</tr>
<tr>
<td>The organization ensures that the objectives of the organization are linked to customer needs and expectations</td>
<td>2.6%</td>
<td>5.3%</td>
<td>0.0%</td>
<td>47.4%</td>
<td>44.7%</td>
<td>4.26</td>
</tr>
<tr>
<td>Communicating customer needs and expectations throughout the organization improves customer satisfaction</td>
<td>5.3%</td>
<td>5.3%</td>
<td>15.8%</td>
<td>13.2%</td>
<td>60.5%</td>
<td>4.18</td>
</tr>
<tr>
<td>The organization regularly measures customer satisfaction</td>
<td>0.0%</td>
<td>2.6%</td>
<td>10.5%</td>
<td>34.2%</td>
<td>52.6%</td>
<td>4.37</td>
</tr>
<tr>
<td>Customer requirements are used as the</td>
<td>2.6%</td>
<td>5.3%</td>
<td>0.0%</td>
<td>44.7%</td>
<td>47.4%</td>
<td>4.29</td>
</tr>
</tbody>
</table>
4.4.2 Effects of Continuous Improvement on Competitive Advantage

The second objective of the study was to assess the effect of Continuous Improvement on Competitive Advantage at Safaricom limited Kenya. Table 4.5 below shows that majority 94.7% of the respondents agreed that the organization had put in place programs on waste elimination, 73.7% agreed that the organization carried out periodic quality audits and 86.8% agreed that the organization carried out review of departmental targets. Ninety two point one percent of the respondents agreed that the organization embraced innovative application of technology and 94.7% agreed that the organization operations aimed at reducing errors and defects. The mean score for the responses was 4.38 which indicate that majority of the respondents agreed with the statements on effect of continuous improvement on competitive advantage.

The findings of the study agrees with those of (Merritt, 2010) who argued that advances in technology have enabled alternative functionalities for mobile handsets beyond the original visions of the designers of handsets or wireless communication architectures to supporting a new and viable channel for mobile financial services, including bill payment and account transfers, domestic and international person to person transfers, proximity payments at the point of sale, and remote payments to purchase goods and services.

<table>
<thead>
<tr>
<th>Basis for Quality</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management support activities</td>
<td>2.6%</td>
<td>9.2%</td>
<td>6.6%</td>
<td>64.5%</td>
<td>17.1%</td>
<td>3.84</td>
</tr>
<tr>
<td>Improving customer satisfaction</td>
<td>2.2%</td>
<td>7.3%</td>
<td>5.9%</td>
<td>34.9%</td>
<td>49.8%</td>
<td>4.23</td>
</tr>
</tbody>
</table>

4.4.3 Employee Empowerment on Competitive Advantage

The third objective of the study was to establish the effect of employee empowerment on competitive advantage at Safaricom limited Kenya. Table 4.6 indicated that 84.2% of the respondents agreed that the organization held regular meetings to encourage the employees, while another 84.2% agreed that all employees were offered training on problemsolving techniques and 81.6% agreed that the best employees are rewarded for their creativity and excellent performance. In addition, 86.8% of the respondents agreed that the organization ensured integration of training lessons to work processes, while 73.7% agreed that the organization ensured clarity and formality of goals to all employees and 90.8% agreed that employees understanding the importance of their contribution and role in the organization enhanced competitive advantage. The mean score for the responses was 4.12 which indicate that majority of the respondents agreed with the statements on effect of employee empowerment on competitive advantage.

The findings of the study agreed with those of Oakland (2005) who asserted that involving employees means sharing knowledge, encouraging, and recognizing their contributions. It also entails utilizing their experience and operating with integrity. Involvement creates awareness among the people in the organization of the importance of
meeting customer requirements. People get involved in the organization when they can identify constraints to their performance, evaluate their performance against set standards, actively seek opportunities to enhance their competence and freely share their work experience and knowledge. Employees involvement acts as a strong stimulant and motivator to work, enhances creativity and innovation, provides an environment for people to accept ownership of problems and their responsibility to solve them and help understand the importance of their contribution in the organization.

Table 4.6: Employee Empowerment and Competitive Advantage

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization holds regular meetings to encourage the employees</td>
<td>2.6%</td>
<td>13.2%</td>
<td>0.0%</td>
<td>31.6%</td>
<td>52.6%</td>
<td>4.18</td>
</tr>
<tr>
<td>All employees are offered training on problem-solving techniques</td>
<td>2.6%</td>
<td>7.9%</td>
<td>5.3%</td>
<td>18.4%</td>
<td>65.8%</td>
<td>4.37</td>
</tr>
<tr>
<td>The best employees are rewarded for their creativity and excellent performance</td>
<td>7.9%</td>
<td>2.6%</td>
<td>7.9%</td>
<td>21.1%</td>
<td>60.5%</td>
<td>4.24</td>
</tr>
<tr>
<td>The organization ensures integration of training lessons to work processes</td>
<td>0.0%</td>
<td>2.6%</td>
<td>10.5%</td>
<td>34.2%</td>
<td>52.6%</td>
<td>4.37</td>
</tr>
<tr>
<td>The organization ensures clarity and formality of goals to all employees</td>
<td>15.8%</td>
<td>0.0%</td>
<td>10.5%</td>
<td>73.7%</td>
<td>0.0%</td>
<td>3.42</td>
</tr>
<tr>
<td>Employees understanding the importance of their contribution and role in the organization</td>
<td>1.3%</td>
<td>7.9%</td>
<td>0.0%</td>
<td>57.9%</td>
<td>32.9%</td>
<td>4.13</td>
</tr>
<tr>
<td>Average</td>
<td>5.0%</td>
<td>5.7%</td>
<td>5.7%</td>
<td>39.5%</td>
<td>44.1%</td>
<td>4.12</td>
</tr>
</tbody>
</table>

4.4.4 Transformational leadership and Competitive Advantage

The fourth and the last objective of the study was to establish the effect of Transformational leadership on competitive advantage at Safaricom limited Kenya. Table 4.7 indicates that majority of the respondent 89.5% of the respondents agreed that the top management established a clear vision of the organizations future, 92.1% agreed that top executives actively championed quality programs in their organization and 92.1% agreed that the organization had an effective quality improvement plan. Ninety two point one percent of the respondents agreed that in their firm policies and plans are well communicated to the employees, while 94.7% agreed that in their organization there was full management involvement in planning and implementing of TQM and 63.1% agreed that their organization had a clear quality policy. The mean score for the responses was 4.13 which indicate that majority of the respondents agreed with the statements on effect of Transformational leadership on competitive advantage.

The study findings are in line with those of Young et al, (2001) who found that top management has the upper hand in the guiding and directing the organization to adopt and implement TQM. They argue that institutional factors have more effect on the long run; still top management is the one who takes the early decisions to adopt any managerial innovations or changes. Likewise, charismatic leadership is often mentioned as a key for the adoption and success of TQM (Reed et al. 2000) and (Young, et al. 200). Eman, et al. (2007) also proposed that top Transformational leadership and leadership should be more strongly associated with competitive advantage than other components.

Table 4.7: Transformational leadership and Competitive Advantage

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>The top management establishes a clear vision of the organizations future</td>
<td>2.6%</td>
<td>0.0%</td>
<td>7.9%</td>
<td>68.4%</td>
<td>21.1%</td>
<td>4.05</td>
</tr>
<tr>
<td>Top executives actively champion quality programs in our organization</td>
<td>2.6%</td>
<td>5.3%</td>
<td>0.0%</td>
<td>65.8%</td>
<td>26.3%</td>
<td>4.08</td>
</tr>
</tbody>
</table>
Our organization has an effective quality improvement plan  
In our firm policies and plans are well communicated to the employees  
In our organization there is full management involvement in planning and implementing of TQM  
Our organization has a clear quality policy  

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our firm’s level of customer satisfaction has improved compared with our competitors</td>
<td>2.6%</td>
<td>13.2%</td>
<td>0.0%</td>
<td>31.6%</td>
<td>52.6%</td>
<td>4.18</td>
</tr>
<tr>
<td>Compared to our competitors in the previous year, our organization’s market share is bigger.</td>
<td>2.6%</td>
<td>7.9%</td>
<td>5.3%</td>
<td>18.4%</td>
<td>65.8%</td>
<td>4.37</td>
</tr>
<tr>
<td>Compared to the previous year, the level of employee productivity in our organization is higher.</td>
<td>7.9%</td>
<td>2.6%</td>
<td>7.9%</td>
<td>21.1%</td>
<td>60.5%</td>
<td>4.24</td>
</tr>
<tr>
<td>Compared to the previous year, the level of profitability of our organization is higher.</td>
<td>0.0%</td>
<td>2.6%</td>
<td>10.5%</td>
<td>34.2%</td>
<td>52.6%</td>
<td>4.37</td>
</tr>
<tr>
<td>The customers are loyal to our products and services and they rarely switch to new firms or competitors</td>
<td>0.0%</td>
<td>5.3%</td>
<td>18.4%</td>
<td>15.8%</td>
<td>60.5%</td>
<td>4.32</td>
</tr>
<tr>
<td>Average</td>
<td>2.6%</td>
<td>6.3%</td>
<td>8.4%</td>
<td>24.2%</td>
<td>58.4%</td>
<td>4.30</td>
</tr>
</tbody>
</table>

4.4.5 Competitive Advantage

The general objective of the study was to establish the effect of total quality management on competitive advantage at Safaricom Limited. Table 4.8 indicates that majority 84.2% of the respondents agreed that their firm’s level of customer satisfaction had improved compared with their competitors, another 84.2% agreed that compared to their competitors in the previous year, their organization’s market share was bigger and 81.6% agreed that compared to the previous year, the level of employee productivity in the organization was higher. Finally, 86.8% of the respondents agreed that compared to the previous year, the level of profitability of the organization was higher and 76.3% agreed that the customers were loyal to their products and services and they rarely switched to new firms or competitors. The mean score for the responses was 4.30 which indicate that majority of the respondents agreed with the statements on competitive advantage at Safaricom Limited company.

The study findings are in support of Porter (2008) who conceptualized competitive advantage along the dimension of innovation and resources which create a competitive advantage and consequently performance. The resource based view also builds on internal competence of organizational resources for such an organization to achieve competitive advantage. Barney (1991) similarly, posited that firm’s achieve sustainable performance advantage by securing rare resources of economic value and the ones that competitor and other rivals cannot easily imitate or substitute. Dobni (2008) posits that a decisive commitment to innovation put firms in a position to monitor and adapt quickly to changes in the environment consequently achieving superior performance.

Table 4.8 Competitive Advantage

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our firm’s level of customer satisfaction has improved compared with our competitors</td>
<td>2.6%</td>
<td>13.2%</td>
<td>0.0%</td>
<td>31.6%</td>
<td>52.6%</td>
<td>4.18</td>
</tr>
<tr>
<td>Compared to our competitors in the previous year, our organization’s market share is bigger.</td>
<td>2.6%</td>
<td>7.9%</td>
<td>5.3%</td>
<td>18.4%</td>
<td>65.8%</td>
<td>4.37</td>
</tr>
<tr>
<td>Compared to the previous year, the level of employee productivity in our organization is higher.</td>
<td>7.9%</td>
<td>2.6%</td>
<td>7.9%</td>
<td>21.1%</td>
<td>60.5%</td>
<td>4.24</td>
</tr>
<tr>
<td>Compared to the previous year, the level of profitability of our organization is higher.</td>
<td>0.0%</td>
<td>2.6%</td>
<td>10.5%</td>
<td>34.2%</td>
<td>52.6%</td>
<td>4.37</td>
</tr>
<tr>
<td>The customers are loyal to our products and services and they rarely switch to new firms or competitors</td>
<td>0.0%</td>
<td>5.3%</td>
<td>18.4%</td>
<td>15.8%</td>
<td>60.5%</td>
<td>4.32</td>
</tr>
<tr>
<td>Average</td>
<td>2.6%</td>
<td>6.3%</td>
<td>8.4%</td>
<td>24.2%</td>
<td>58.4%</td>
<td>4.30</td>
</tr>
</tbody>
</table>
4.5 Inferential Statistics Analysis

This section presented the correlation and regression analysis.

4.5.1 Bivariate Correlation

Table 4.9 below displays the results of correlation test analysis between the dependent variable (competitive advantage) and independent variables and also correlation among the independent variables themselves. The results indicated that there exist a positive and significant ($r=0.723$, $p=0.000$) correlation between customer focus and competitive advantage. The results also indicated that there exist a positive and significant relationship between continuous improvement and competitive advantage ($r=0.793$, $p=0.000$). Employee empowerment was also found to have a positive significant relationship with competitive advantage ($r=0.749$, $p=0.000$). Finally results indicated that there exist a positive and significant ($r=0.840$, $p=0.000$) correlation between Transformational leadership and competitive advantage. This reveals that any positive change in customer focus, continuous quality improvement, Transformational leadership and employee empowerment, led to improved competitive advantage.

The findings of the study collaborate with those of Gabriel (2013) examined the effects of service quality on customers’ satisfaction in the mobile phone industry of Tanzania as assessed by customers and service providers. The main objective of his study was to find out to what extent service quality factors can be used to predict the level of satisfaction by customers compared to service providers. The study found that three quality service factors (reliability, responsiveness and empathy) are important in determining the overall customers’ satisfaction of the mobile phones network industry thus perceived quality is an important Predictor of customer satisfaction, which ultimately results in trust, price tolerance and customer loyalty.

Table 4.9 Bivariate Correlation

<table>
<thead>
<tr>
<th>Variable</th>
<th>Competitive Advantage</th>
<th>Customer focus</th>
<th>Continuous Improvement</th>
<th>Employee Empowerment</th>
<th>Transformational leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive Advantage</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer focus</td>
<td>Pearson Correlation</td>
<td>0.723</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuous Improvement</td>
<td>Pearson Correlation</td>
<td>0.793</td>
<td>0.64</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Employee Empowerment</td>
<td>Pearson Correlation</td>
<td>0.749</td>
<td>0.518</td>
<td>0.685</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.779</td>
<td>1</td>
</tr>
<tr>
<td>Transformational leadership</td>
<td>Pearson Correlation</td>
<td>0.84</td>
<td>0.61</td>
<td>0.799</td>
<td>0.779</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
</tbody>
</table>

4.5.2 Regression Analysis

In order to establish the statistical significance of the independent variables on the dependent variable (competitive advantage) regression analysis was employed. Table 4.10 shows that the coefficient of determination also called the R square is 80.4%. This means that the combined effect of the predictor variables (customer focus, continuous improvement, employee empowerment and Transformational leadership) explains 80.4% of the variations in competitive advantage. From the model summary table below adjusted $R^2$ was 0.793 this indicates that the combined effect of predictor variables (customer focus, continuous improvement, employee empowerment and Transformational leadership) explains 79.3% of variations in competitive advantage.

The correlation coefficient of 89.7% indicates that the combined effect of the predictor variables has a strong and positive correlation with competitive advantage at safaricom limited company. This also meant that a change in the drivers of (customer focus, continuous improvement, employee empowerment, and Transformational leadership) is associated with a 9.7% change in competitive advantage.
empowerment and Transformational leadership) had a strong and a positive effect on competitive advantage. The findings are in line with those of (Asamba, 2014) who did a study on Total Quality Management and competitive advantage of commercial banks in Kenya showed that Commercial banks in Kenya have introduced innovative measures, all in the interest of enhancing customers’ comfort. The study found that there is significant correlation between the implementation of Total Quality Management practices and customer satisfaction and business. Customer satisfaction increases profitability, market share, and return on investment which leads to competitive advantage.

Table 4.10: Regression Model Fitness

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>0.897</td>
</tr>
<tr>
<td>R Square</td>
<td>0.804</td>
</tr>
<tr>
<td>Adjusted R Square</td>
<td>0.793</td>
</tr>
</tbody>
</table>

Analysis of variance (ANOVA) on Table 4.11 shows that the combined effect of (customer focus, continuous improvement, employee empowerment and Transformational leadership) was statistically significant in explaining changes in competitive advantage. This is demonstrated by a p value of 0.000 which is less that the acceptance critical value of 0.05. The results corroborate with those of (Gabriel, 2013) who examined the effects of service quality on customers’ satisfaction in the mobile phone industry of Tanzania as assessed by customers and service providers and found that three quality service factors (reliability, responsiveness and empathy) are important in determining the overall customers’ satisfaction of the mobile phones network industry thus perceived quality is an important Predictor of customer satisfaction, which ultimately results in trust, price tolerance and customer loyalty”.

Table 4.11: ANOVA

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>15.333</td>
<td>4</td>
<td>3.833</td>
<td>43.795</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>7.527</td>
<td>78</td>
<td>0.088</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>22.86</td>
<td>82</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.12 displays the regression coefficients of the independent variables. The results reveal that customer focus and satisfaction in total quality management is statistically significant in explaining competitive advantage (beta=0.266, p value 0.000). The findings imply that an increase in customer focus effectiveness by one unit leads to improved competitive advantage by 0.266, units. The findings agreed with those of Deghani (2006) investigated the relationship between customer service and customer satisfaction, its measures in the context of electrical services industry in Sweden. The study identifies 6 important dimensions that can be used to measure quality of service and achieve competitive advantage. These dimensions are reliability, assurance, tangibility, empathy, responsiveness and price. Increase in these six dimension in customers service improve customer management.

Regression results indicate that continuous quality improvement and competitive advantage had a positive and significant relationship (beta= 0.175 p value 0.049). The findings imply that an increase in continuous quality improvement by one unit leads to improved competitive advantage by 0.175 units. The findings of the study agrees with those of (Merritt, 2010) who argued that advances in technology have enabled alternative functionalities for mobile handsets beyond the original visions of the designers of handsets or wireless communication architectures to supporting a new and viable channel for mobile financial services, including bill payment and account transfers, domestic and international person to person transfers, proximity payments at the point of sale, and remote payments to purchase goods and services.

Results further indicate that employee empowerment and competitive advantage was positive and significant (beta=0.204, p value 0.038). The findings imply that an increase in employee empowerment effectiveness by one unit leads to improved competitive advantage by 0.204 units. Finally, the results indicated that Transformational leadership had a positive and significant relationship with competitive advantage (beta=0. 345, p value 0.000). The findings of the study agreed with those of Oakland (2005) who asserted that involving employees means sharing knowledge, encouraging, and recognizing their contributions. Employees involvement acts as a strong stimulant and motivator to work, enhances creativity and innovation, provides an environment for people to accept ownership of problems and their responsibility to solve them and help understand the importance of their contribution in the organization.
### Table 4.12: Regression Coefficients

<table>
<thead>
<tr>
<th>Variable</th>
<th>Beta</th>
<th>Std. Error</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>0.232</td>
<td>0.264</td>
<td>0.879</td>
<td>0.382</td>
</tr>
<tr>
<td>Customer focus</td>
<td>0.266</td>
<td>0.067</td>
<td>3.962</td>
<td>0.000</td>
</tr>
<tr>
<td>Continuous Improvement</td>
<td>0.175</td>
<td>0.087</td>
<td>2.007</td>
<td>0.049</td>
</tr>
<tr>
<td>Employee Empowerment</td>
<td>0.204</td>
<td>0.096</td>
<td>2.114</td>
<td>0.038</td>
</tr>
<tr>
<td>Transformational leadership</td>
<td>0.345</td>
<td>0.094</td>
<td>3.649</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Y = 0.232 + 0.266 Customer Focus + 0.175 Continuous Improvement + 0.204 Employee Empowerment + 0.345 Transformational leadership + ε

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter finalizes the study by proving the summary of key findings, conclusions and recommendations. The summary, conclusions and recommendations are aligned to the specific objectives of the study.

#### 5.2 Summary of Findings

The general objective of the study was to establish the effect of total quality management on competitive advantage at Safaricom Limited. One of the key findings was that employees at Safaricom Limited were concerned about gaining competitive advantage and being the leading organization in the telecommunication industry. This was demonstrated by the extent of agreement with the statements in the questionnaire in support of competitive advantage.

The first objective was to establish the effect of customer focus and satisfaction on competitive advantage. From the findings, Safaricom seemed to focus on their customers’ satisfaction. Customer satisfaction leads to efficient and effective service delivery. Maintaining constant communication with customers ensures that the consumers of the service are satisfied. Customer focus typically leads to communicating customer needs and expectations throughout the organization; measuring customer satisfaction and acting on results; carrying out research and understanding customer needs and expectations; and ensuring that the objective of the organization are linked to the customer needs and expectations in the organization.

The second objective was to establish the effect of continuous improvement on competitive advantage at Safaricom Limited. The study found out that the management promoted quality improvement efforts and management also planned for employees training on quality. The study also established that the management focused on prevention of problems before they happen and that they had a framework for process management and improvement. From the results of the study, strategic quality management factors have been applied at Safaricom Ltd to a very great extent. These principles as they have been detected in recent studies are: leadership, strategic quality planning, employee management and involvement, supplier management, customer focus, process management, continuous improvement, fact based management, quality assurance, information and analysis and knowledge and education.

The third objective of the study was to establish the effect of employee empowerment on competitive advantage at Safaricom Limited. The study findings indicated that training in the basic statistical techniques was provided, resources were available for employees training in the company, and employee involvement programs were implemented and that quality related training were given to employees. Employee involvement in the organization leads to employees actively seeking opportunities to enhance their competence, knowledge and experience; employees evaluating their performance against their personal goals and objectives; and employees understanding the importance of their contribution and role in the organization.

The fourth objective of the study was to establish the effect of transformational leadership on competitive advantage at Safaricom Limited. An important finding is that all top managements of the company participated actively in the TQM program. In fact, top transformational leadership is one of the most important practices for effective TQM. Top managements actively coordinate and integrate the TQM processes and practices throughout their companies. Because of active participation in TQM program, the top managements clearly communicated the importance of TQM to the employees. Top managements set their strategy and targets...
based on TQM and communicate it further to the managers and employees. The organization management leadership establishes a clear vision of the organization’s future and considered the needs of all interested parties including customers, owners, employees, suppliers, financiers, local communities, and society as a whole;

5.3 Conclusion

Base from the study; it was possible to conclude that there was increased and improved customer satisfaction at Safaricom limited company leading to improved competitive advantage. It was possible to conclude that customer focus is a significant tool in explaining competitive advantage. Quality customer service births to customers satisfaction and retention which is an indicator of good customer management. Customers will only be loyal to the firm or industry that offers service quality. Safaricom has put in place customer support team that attends to the need of its clients which give them a better advantage compared to the other companies because of good customer management. The study concluded that the organization focuses on current and future customer needs. Similarly, increased revenue and market share were obtained through flexible and fast response to market opportunities; increased use of the organization’s resources to enhance customer's satisfaction; and improved customer loyalty leading to repeat business are the outcomes of customer focus in the organization.

Base on findings it was possible to conclude that there was a positive and significant relationship between continuous quality improvement and competitive advantage at Safaricom limited company. Continuous improvement programs with recognition and incentives to employees are also prime consideration of the management with the focus on factors like employee development and training/ employee empowerment. When quality system is well maintained with strong emphasis on the maintenance it has great potential for continuous improvement. Internal quality audit scheduled throughout the year and interdepartmental audit with qualified auditors from each operational department plays a vital role in sustaining the quality system.

It was possible to conclude that employee empowerment and involvement in TQM process influences competitive advantage at Safaricom limited. Results revealed that increasing customer benefits means adding something to the core product that the customer perceives as important, beneficial and of unique value. And to achieve these, the organization needs to empower the employees through training, god incentives and rewards for innovativeness and creativity and excellent performance. The study concludes that the organization had in place excellent training programs and employee development program policies which were followed to the latter.

Base on findings it was possible to conclude that there was a positive and significant relationship between transformational leadership and competitive advantage. It can be said that leadership and top management vision paves a path for the quality practices to execute in the firms with a clear quality policy. The triumph of a quality improvement program depends much on commitment of the top management and their vision to implement them. Management should clearly communicate their quality goals to their employees and make them understand on how to achieve the goals clearly. Clear planning is essential for the management to implement these quality improvement programs in their organization. These programs and planning increases the cost of production marginally but ultimately it can lead to better functioning of the firm.

5.4 Recommendations

There is a positive relationship between total quality management and competitive advantage. Obtaining customer satisfaction depends to a large extent on ensuring that the firm maintains high service quality standards. Putting in place quality mechanisms has significant effect on the level of customer satisfaction. Hence the hypothesis was substantiated. Among the service quality variables that significantly affected customer satisfaction include competence, courtesy, tangibility, reliability, responsiveness and communication. For managers, this finding has important implications with regard to brand building strategies.

The study documented that service quality is the dominant route to customer satisfaction. Indications of a successful brand building strategy are found when companies provide quality services relative higher to other companies within the same industry.

Invariably, there is need for the management of telecom firms to intermittently train their workers on quality management. Properly designed training programmes on TQM should be regularly organized for the staff. This will ensure that best practices of TQM are also implemented to sustain the competitive advantage. The organization should
improve their efforts on employee involvement strategies to achieve organizational business performance. Management and employees should strive to work together in order to create a strong value environment where people will have the primal role.

The organization should grow a stronger culture that nurtures high-trust social relationship and respect for individuals, a shared sense of membership of the organization, and a belief that continuous improvement is for the common good. Organization should also endeavour to regularly have interaction with all customers, giving them technical advice, educating them on their new products, and soliciting feedback on their services from them.

Executive management should be involved in TQM practices and spearhead TQM implementation at all levels of the organization. The organization leadership should improve on their level of motivation of their employees towards the organization’s goals and objectives. Leadership should actively collect information that suggest new approaches, create a network of listening systems, among other strategies to understand the organizational environment and any signs of change.

5.5 Areas for Further Study

Arising from the findings and the gaps in the study, a replica study is recommended in other organisation rather than telecommunication industry in order to test whether the conclusions of this study will hold true. Future studies should apply different research instruments like secondary data as a measure of quality services in group discussions to involve respondents in discussions in order to generate detailed information which would help improve customer quality improvement at Safaricom limited company

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